

Bulletin

University of Toronto
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Budget Committee Report 1976-77

Supplementary Budget Plan allows for adjustments

When the long-term financial plan that was included in the Budget Guidelines was devised, it was based on carefully formulated assumptions about income, expenditures, enrolment, rates of inflation, and government funding policies. From these assumptions, different models were developed to predict what courses of action would be needed to meet the overall objectives for the 1976-77 budget. Some of these assumptions have now been replaced by firm data; others still can be expressed only as estimates, although the ranges of approximation are now smaller. For example, we now know what the provincial government's total grant to universities will be, but we do not know how the grant will be distributed. Discussions concerning staff salaries are still in progress, and final recommendations may not be formulated before the end of February. Discussions with the Federated Colleges regarding the "block grant" are also still in progress. Given the unavailability of final information about income and the cost of salary settlements, the Budget Committee has prepared a Supplementary Budget Plan by which the University's budget can be adjusted in accordance with forthcoming decisions about salaries and government funding.

Following the Budget Guidelines, in the initial phases of its work, the Budget Committee sought ways of reducing the University's budget by \$7.9 million. The Committee's approach in an-

alysis of divisional budgets and discussions with divisional heads was to understand and appraise the effect of budget reductions on the University's programs and services. Our recommendations are not based on any assumptions about waste, inefficiency, or poor management. For at least the past four years, the University's budgets have been pruned and limited in a fashion that not only eliminated obvious areas of duplication and inefficiency, but also began to undermine seriously the quality of some of the University's programs. Virtually every reduction that the Budget Committee has recommended could seriously reduce either the quality of the University's programs or the levels of services provided by those programs. We have recommended these reductions because there were no apparent alternatives that would have less serious consequences. In developing the Supplementary Budget Plan, our approach, therefore, has been to devise measures by which, in several stages, the damage done by reductions would be progressively mitigated.

As additional information has become available, the financial plan on which the Budget Guidelines were based has been revised and made more precise. It now appears that the reduction that must be made in the University budget will not have to exceed \$7.9 million, and may be substantially lower. But this is not certain. Nevertheless, the financial plan for 1976-77 to 1980-81

makes it unmistakably clear that any reductions that may prove to be unnecessary this year will probably be necessary next year, when the University must save an additional \$3.3 million. Our original recommendations, when taken together, amount to an overall reduction of \$7.6 million—or \$300,000 less than was initially sought. Consequently, the schedule for adjusting budget reductions must begin at \$7.6 million.

Because we do not know by how much the overall budget reduction may be decreased, the Committee has divided the Supplementary Budget Plan into three stages. Each stage represents a successive decrease of \$1.1 or \$1.2 million in the overall level of reduction; this schedule divides the maximum foreseeable decrease into three roughly equal portions. The first priorities for reduction are included in the stage that represents an overall budget reduction of \$6.4 million; second priorities are included in the stage representing a total reduction of \$5.3 million; and third priorities would be implemented if a total reduction of only \$4.2 million was necessary.

The Committee proposes that within each level of restoration specific priorities *not* be set at this time. When the actual level of restoration is known, should it fall between the levels designated, the administration should determine the actual funds to be committed to each division in the light of the priorities identified in this Plan and the Budget Committee's Report.

This 12-page issue of the *Bulletin* provides readers with a partial text of the report and recommendations of the Presidential Advisory Committee on the Budget for the 1976-77 academic year.

The following budget material is included: Introduction to the Budget; Budget Guidelines; Developing the Budget; Budget Recommendations; Specific Recommendations—Budget Groups I-VIII; Financial Report—Recommended 1976-77 Budget (Table), page 2 in the original text; Effect of the Budget Recommendations On Programs and On Resources; and the Budget Process. In addition, on this page appears the President's letter to members of Governing Council concerning the budget report.

The complete text of the Supplementary Budget Plan, tabled at the Feb. 3 meeting of the Planning and Resources Committee, also appears on this page.

For reasons of space limitations, pages 1 and 3-8 of the detailed Financial Report accompanying the Budget Committee Report have been omitted here.

Portions of the report and recommendations were reviewed by the Planning and Resources Committee of Governing Council, Tuesday, Feb. 3. The Committee will hold a second meeting in open session Monday, Feb. 9, commencing at 3 p.m. in the Council Chamber, Simcoe Hall. The Budget will be considered as well by the Business Affairs Committee (Monday, Feb. 16) and the Executive Committee (Wednesday, Feb. 18).

Governing Council will debate the Budget Recommendations in open session at its meeting Thursday, Feb. 26, in the Council Chamber, Simcoe Hall.

In devising the schedules for revising the budget, the Committee decided to give equal priority to two fundamental objectives: to restore resources to those academic divisions in which the quality and level of service of programs were most seriously threatened by the proposed reductions, and to reduce to a minimum the hardship that might be caused through dislocations of University staff. A slightly lower priority was given to a third basic objective: to restore some funding for equipment and plant maintenance. Both of these are areas in which, because of severe budgetary constraint, there has been continuing erosion for the past several years. The Budget Committee is particularly concerned that this trend be at least halted, if not reversed.

After setting this broad schedule for implementing supplementary budget adjustments, the

Committee subdivided the academic divisions component to describe the amount by which each division's reduction would be decreased, as it became possible to adjust the University's budget upward. These amounts correspond generally to specific reductions that would result from the implementation of our recommendations, and in one or two cases represent small increases over 1975-76 budgets. Presuming that the adjustments anticipated by the Supplementary Budget Plan are possible, but do not correspond exactly to the stages set out in the Plan's schedule, the specific allocations of the amounts listed for each academic division would be made by the Office of the Vice-President and Provost in consultation with respective divisional heads. In making these allocations, the Provost, Vice-Provosts, and divisional heads should use the Budget Committee's report—particularly those sections describing the consequences of reductions—as a guide, and should follow the general objectives that the Committee has set out for the Supplementary Budget Plan. Some divisions are not included in the Supplementary Budget Plan. The Committee decided, not without considerable thought, that the recommendations for these divisions should not be revised, either because the recommended reductions were not as severe as they were for other divisions or because the divisions could generate income.

The Supplementary Budget Plan is divided into nine broad categories of expenditures; five of these correspond generally to the major budget groups: academic divisions, academic services, campus and student services, physical plant, and administration.

In the campus and student services category, decreasing the level of reduction would permit the International Student Centre to continue some of its services and the Advisory Bureau to retain some temporary assistants' positions.

Presidential message to Governing Council concerning Budget Report

The following message from President John Evans to the members of the Governing Council is dated January 30, 1976, and concerns the Budget Committee's recommendations on the University's budget for 1976-77:

The Budget Committee has now completed its deliberations on the budget for 1976-77, and I am pleased to forward its report and recommendations to the Governing Council. The report will be considered by the Planning and Resources Committee on Feb. 3 and 9, the Business Affairs Committee on Feb. 16, the Executive Committee on Feb. 18, and the Governing Council itself on Feb. 26.

The Budget Committee's report is derived from a basic budget plan developed in compliance with the Budget Guidelines received from the Planning and Resources Committee in May, 1975. These guidelines were based on assumptions concerning the University's income and expenditures which led to the establishment of a target reduction of \$7.9 million in operating expenditures. A target reduction of such magnitude represents an extremely severe cutback in expenditures throughout the University.

It is still our hope that it will be possible for us to reduce the cutbacks to some extent before the final budget for 1976-77 is approved. The reason that it is not possible to refine the budget further at this stage is that two factors of critical importance remain unknown.

The first is the decision by the Province on the distribution of the provincial grant among the Ontario universities. Our income could vary significantly depending on the Government's decisions on the weight attached to the basic income units attributable to growth in enrolment and the amounts provided to certain universities as special non-formula grants.

The second factor is the salary settlements for 1976-77 which have been under discussion with representatives of the University of Toronto Faculty Association and the University of Toronto Staff Association. We have agreed with the representatives of these associations that no final determination of salaries will be made until we know more exactly what our revenue will be. Accordingly, further discussions of salaries with UFTA and UTSA have been adjourned until the Province announces its decision on the distribution of grants.

These two important factors will remain unknown when the Planning and Resources Committee and the Business Affairs Committee deal with the general recommendations and the detailed divisional reductions put forward by the Budget Committee. With this fact in mind, the Budget Committee has developed a series of supplemental schedules setting out several possible levels of required budget cutbacks and, under each, a priority listing of the most potentially damaging reductions, which they recommend should be added back in the event that the expected severity of our situation is mitigated to some degree. This will be forwarded to you as soon as it has been approved by the Budget Committee.

The time, effort and devotion that have gone into this budget exercise are indescribable. The members of the Budget Committee, the support staff in the Budget and Planning offices, and the deans, principals and directors of all the divisions in the University deserve the appreciation of this Council and of the entire institution for their efforts in coping with an extraordinary and unprecedented reduction in base budget in a way that minimizes, as far as humanly possible, the damage to the University's most vital functions.

John Evans

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Supplementary Budget Plan Schedule

If the overall reduction in the University's budget can be reduced from \$7.6 million to:

	Stage I \$6.4 million	Stage II \$5.3 million	Stage III \$4.3 million
(For each division the amounts are cumulative)			
Academic Divisions			
Faculty of Applied Science & Engineering	75,000	100,000	110,000
Faculty of Architecture	0	15,000	15,000
Faculty of Arts and Science	150,000	270,000	300,000
Constituent Colleges	5,000	10,000	10,000
Faculty of Dentistry	15,000	20,000	20,000
Faculty of Education	0	20,000	30,000
Erindale College (excluding Physical Plant)	0	*	50,000
Forestry and Landscape Architecture	0	10,000	20,000
School of Graduate Studies (Institutes and Centres)	0	50,000	50,000
School of Graduate Studies (Fellowships)	0	0	150,000
Faculty of Law	10,000	15,000	15,000

Faculty of Library Science	0	20,000	20,000
Faculty of Management Studies	50,000	60,000	70,000
Faculty of Medicine	100,000	150,000	175,000
Faculty of Music	10,000	15,000	30,000
Faculty of Nursing	15,000	20,000	20,000
Faculty of Pharmacy	0	5,000	10,000
Scarborough College (excluding Physical Plant)	25,000	50,000	75,000
Academic Services (Library Acquisition)	0	50,000	140,000
Campus and Student Services	10,000	15,000	20,000
Physical Plant	260,000	505,000	640,000
Administration	50,000	100,000	230,000
Contingency	75,000	200,000	300,000
Maintenance	0	250,000	400,000
Special Equipment	150,000	300,000	400,000
Bidding	200,000	150,000	100,000

* \$177,600 is already included in the College's base budget according to the Committee's initial recommendations for new academic positions.

Introduction to the Report

The budget of a university as large and complex as the University of Toronto is necessarily difficult to comprehend. It also is difficult to explain. The budget for 1976-1977 is not an exception. But a large step towards understanding this budget can be taken by briefly examining university financing in Ontario for the past five years.

In 1971-1972 the total grant formula budget for all of the universities in the Province was approximately 329 million dollars, excluding income from fees. In the same year, 126,643 persons were enrolled as full-time students (graduate and undergraduate) in the Province's fifteen universities. Of these students, 21.4 percent were enrolled at the University of Toronto. Of the Province's total formula grant to universities, the University of Toronto received 23.5 percent.

By 1976-1977, the Province's total formula grant to universities will have increased to nearly 626 million dollars. As of December 1, 1975, the number of persons enrolled in the Province's universities had grown to nearly 160,000 of which slightly more than 20 percent were enrolled at the University of Toronto. Although we cannot be certain, we expect that the University's share of the total formula grant will be approximately 22 percent.

The growth of the formula grant has been considerable during the past five years, and might suggest, at first glance, that we have been living in a period of relative affluence for universities. But this suggestion would not be correct, for the universities have instead faced financial hardships caused by rapid growth of enrolments. During the past five years, enrolments at the University of Toronto have increased by nearly 19 percent. Province-wide the increase has been even greater - slightly more than 24 percent. Although the Province's formula grant appears to have increased by nearly 100 percent from 1971-72 to 1976-77, on a per student basis, it has increased by only about 50 percent.

The formula by which the Province calculates the annual operating grant to universities is designed so that the formula grant to each university will increase (or decrease) in direct proportion to changes in enrolment. The formula has proved to be a fair and effective device for calculating grants for universities which have had rapidly increasing enrolments; but for those universities where enrolments have not grown or have grown at less than the average provincial rate, the system has worked some financial hardship, as the per student value of the government's grants has not increased as rapidly as inflation. The consequent strain in some universities was so great that, in November of 1974, the Minister of Colleges and Universities invited the universities collectively to choose among several funding options, one of which involved totally abandoning the formula system. The universities elected to retain the formula for at least the 1975-1976 budget year. But in the spring of 1975, the Ontario Council for University Affairs advised the Minister that he should inform the universities that for 1976-1977 there would have to be some substantial departures from formula financing, particularly those aspects of it which were calculated on enrolment. As this report is being prepared, the new system of allocation is still unknown to the universities.

Another condition which has placed the universities in financial difficulty is the status of student fees. These fees constitute approximately one-sixth of the University's formula income, but they have not been increased in direct proportion to increases in the formula grant. If the Province in a given year chooses to increase its contribution to the University by, let us say for example, 15 percent, total formula income will increase by only 12.5 percent because the fees portion of the grant will not be similarly increased. This example assumes that growth and all other factors affect all universities equally. The freeze of student fees, therefore, has resulted in the total formula grant's not reflecting entirely the increases in overall University costs.

Each year the Province of Ontario receives fiscal

transfers from the Federal Government which match the Province's contribution to universities. Under the current Fiscal Arrangements Act, the Federal Government has imposed a 15 percent limit on the annual rate of growth of these transfers. The Province can increase its contributions to university funding by up to 15 percent using what are in effect "50 cent dollars", but above 15 percent the entire increase must be funded by the Province. This arrangement has acted as a powerful disincentive for the Province to increase its university grants by more than 15 percent.

Thus although the Province has announced that its total grant to universities will be nearly 15 percent, this amount must first be discounted by the student fees factor as explained above, and then discounted again for those universities where enrolments have not grown as fast as the system average - which

Budget Committee

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would be the case at the University of Toronto. Consequently, a grant which appears to be generous can be transformed into one which creates considerable hardship for some universities.

In addition to the problems of formula funding, there are some internal conditions that can seriously affect the University's financial health. The most salient of these conditions is the University's responsibility to provide fair salaries to its employees. Members of the academic staff have a natural expectation that their salaries will increase as they "progress through the ranks" according to proficiency and greater responsibility. Most professional persons in Canada can assume that their salaries at the close of their careers will be between two and one-half times greater than their beginning salaries; this assumption applies to the University as well. Normally in a large institution it would be possible to provide salary increments by re-distributing the salaries of persons who retire. But in the University of Toronto the ages of academic staff are

distributed unevenly. A large number of academic staff are between 35 and 45 years of age, consequently the number of retirements in the next ten years will be small and certainly will not be large enough to underwrite "progress through the ranks". These circumstances combine to require that the University's expenditure for academic salaries (these expenditures were about 70 million dollars in 1975-1976) be increased by between two and three and one-half percent annually, these increases being over and above any additions to compensate for increases in the cost of living. Annual increases in the Province's formula grant have, at most, been sufficient to provide compensation for increases in the cost of living; and additional increases can be made only through reductions in other University expenditures.

The distribution of ages is not as problematic for support staff as it is for academic staff because the rate at which persons join and leave the support staff is relatively high. Nevertheless, the University must maintain salary levels which are comparable with those of other employers in Metropolitan Toronto. In recent years salary increases for support staff have been greater than increases in the rate of inflation. By and large, the University has increased support staff salaries by as much as four percent over the cost of living in order to keep pace with the local employment conditions.

The inadequacy of formula grants to permit the University to meet its salary objectives has placed extreme pressure on divisional budgets. This pressure has been consistent, at least in part, with the government's intentions. Several officers of the Provincial Government have from time to time made references to the need for increased "productivity" in universities, and in particular for higher student/teacher ratios. This use of the word "productivity" is, we believe, naively misapplied to universities, for it implies that there are dependable methods for measuring academic achievement and instructional effectiveness. In practice, the only measure that is used is a simple student/faculty ratio or derivative thereof; these, we are convinced, and wish to emphasize, are not measures of academic achievement. Even if it were possible to prove that the quality of the learning experience is not affected by changes in ratios, the application of such a measurement falls entirely to take into account the research and other scholarly work of the University's academic staff. As the number of students per teacher has increased at the University of Toronto, there has been a corresponding decrease in the amounts of time and effort which the staff has been able to devote to research and other forms of scholarship. If one must talk in terms of "productivity", we would hope that at least the entire range of academic activity is taken into account and that dependable measures of productivity are applied.

Because the University's primary aim is to safeguard its most valuable resource - its staff - it has become necessary to place severe restraints on expenditures for other resources. Apropos of physical plant and equipment, the University has not been maintaining its capital investment and has, in effect, been living off its capital. This is a practice which if pursued for more than a few years becomes dangerous. The University of Toronto must, in consultation with government, take steps that will restore, at least to a steady state, its physical plant and equipment.

Late last year the Federal Government introduced a new constraint on the University's budget. Although, at the time this is being written, the impact of federal anti-inflation legislation and guidelines cannot be accurately predicted, it seems likely that some of our forecasts for expenditures will have to be reeled downward. But this is a likelihood, not a certainty. Prudence and objectivity would require that we assume that the University's financial situation has improved for the short term ONLY. The Budget Committee will recommend, therefore, that whatever financial flexibility the University does enjoy for 1976-1977 should be used to allocate a temporary SHORT TERM basis the most pressing operating problems and to restore physical plant and equipment in the areas that have been most seriously neglected.

The Budget Guidelines

Development of the Budget Guidelines was the first step taken in the preparation of the 1976-77 budget. The Guidelines, which were approved by the Planning and Resources Committee and the Governing Council, were designed to provide a program and resource framework that would guide the Budget Committee by specifying directions for policy in some areas and establishing general program priorities in others.

The Guidelines included a carefully developed financial plan for the years 1976-77 to 1980-81. This plan was based on a series of informed assumptions about income, expenditures, rates of inflation, enrolment, and formula funding. Five different models were developed to predict the impact of changes in government funding policies; these policies change from year to year and, unfortunately, are not articulated on a schedule which gives the University enough advance notice to incorporate them into its initial budgetary planning. Based on this financial plan, the Guidelines concluded that the University, in 1976-77, must recover the deficit anticipated for 1975-76 and avoid incurring a further annual deficit in 1976-77. This plan required that the Budget Committee should aim for a reduction in the 1975-76 base operating budget of \$7.9 millions. Of this amount, \$400,000 would derive from a reduction already planned for in the Faculty of Medicine (a three year budget for the Faculty was included in the 1975-76 budget).

When the financial plan on which the Budget Guidelines were predicated was developed, it was known and, in fact, expected that several important assumptions might change with the passage of time. Among the most important of these assumptions were those about the value of the Basic Income Unit (the B.I.U. is the keystone of the Province's formula for funding universities), the outcome of salary negotiations, and the government's funding policies. In addition to these anticipated changes in the financial plan, there were some that were not foreseen. For example, the financial plan did not and, indeed, could not take into account the federal government's anti-inflation program, the extraordinary increase in the costs of utilities, and the increases in University income which will result from an unexpected growth in enrolment in 1975-76, most notably at Erindale College. As soon as the changes were recognized, the Budget Committee undertook to assess their impact on the financial plan. The Committee noted that, by and large, these changes offset each other, and consequently concluded that the original budget goal should not be changed. Nevertheless, the Committee did prepare a contingency list of expenditures which could be added to the base budget if and when changes in probable levels of income and expenditure were satisfactorily identified.

Budget development began early in the summer when the Budget Group Officers began meeting with divisional heads to explain the Budget Guidelines and the organization of the Budget Committee. The Budget Group Officers at this time received from the divisional heads any proposals for initiating new programs or eliminating existing ones. There were only a few proposals of this sort.

Subsequently, the heads of the University's divisions were asked to submit a budget proposal which

The Guidelines set out several broad program objectives. Budget alterations were to be based, wherever possible, on program considerations.

In order to preserve the high academic quality of the University, the Guidelines advised that the University's research capabilities should not be diminished except where absolutely necessary, and then only in a deliberate and well-planned manner. The Budget Committee was further advised that in developing the budget it should favour programs of higher quality—even where these often were the programs with larger budgets—rather than attempt to maintain all programs at minimal levels. In a similar effort to avoid compromising the quality of some of the University's better programs, the Guidelines suggested that the Budget Committee should give serious consideration to the elimination of programs as an alternative to extreme program compression. The practice of achieving savings through program compression may be productive if applied occasionally, but if applied year after year it would lead to universal mediocrity throughout the University.

Although workloads are difficult to measure—especially in non-instructional areas like research and public service—the Guidelines urged the Budget Committee to use, wherever possible, the concept of workload as criteria in the allocation of resources.

The Budget Guidelines suggested that in a general sense the Committee should give higher priority to

Developing the Budget

would explain how their respective divisions would accomplish a five percent base budget reduction and what the consequences of such a reduction would be. It should be noted carefully that this request was not based on any assumptions that every division could safely reduce its budget by five percent. Rather, the purpose of this request was to enable the Budget Committee to understand the relative impact of a five percent budget reduction in each division and, consequently, to use this understanding as a basis for reviewing each divisional budget. Because the consequences of a five percent reduction varied from division to division, the Committee's final recommendations call for individual reductions both higher and lower than five percent, and in a few cases call for increases. In all cases, the Committee's focus was on programs, and particularly on how their quality would be affected by budget reductions.

As divisional budget submissions were received, they were reviewed by the respective Budget Group Officer and analysed by the staffs of the budget and planning offices. Meetings between divisional heads, Budget Group Officers, and Budget Advisory Subcommittees were held to discuss the submissions and probe areas which were unclear or problematic. Throughout these meetings the overall objective was to gain a clear understanding of the likely consequences of budget reductions.

After all divisional submissions were reviewed, a similar process was undertaken to review each budget group. These groups were evaluated on the basis of overall program priorities, a budget reduction goal was established for each one. Within the target established for each group, the Budget Group Officer, in consultation with the Budget Development Group and the Budget Advisory Subcommittee, first consid-

maintaining competitive salary levels than to avoiding reductions in the number of staff.

The Committee also was advised that it should examine the utilization of space, equipment, and related services in making decisions about allocations for physical facilities. A similar concern was that, in a time of severe budget constraint, there might be a tendency to neglect non-continuing and deferrable expenditures—for example, for equipment and building maintenance. The Guidelines urged that if the Committee were to recommend making major reductions in this type of expenditure, it should do so only after having given careful consideration to the long-term implications of such reductions.

In ancillary operations—for example, parking and residences—the Guidelines suggested that all costs should be charged to these operations. It was further suggested that ancillary operations which did not provide a service to students might be budgeted for on a net profit basis, the profit being applied to general University revenue.

To ensure effective budget management, the Guidelines advised that the Budget Committee should review the University's financial systems and policies to appraise the means by which they support the efficient utilization of resources. A separate supplementary submission for the Business Affairs Committee should be prepared in accordance with this suggestion.

After the program priorities and possible trade-offs within each group and subsequently developed a budget recommendation for each division.

In developing recommendations for each budget group, Budget Group Officers and the Budget Committee agreed that they should begin on the assumption that disproportionately larger savings should be sought in those areas which had fewer direct effects on instruction and research (academic process). These areas are administration and general expense, physical plant, and campus and student services. Excluding the direct of an increase in the cost of utilities, the reductions recommended for these categories on a percentage basis are approximately double those for academic divisions. Nevertheless, the academic divisions must reduce their budget by 3.7 percent overall, while academic services must absorb a somewhat larger reduction. Although there are a number of alternatives that might be considered to these reductions, the fact that academic services and academic divisions account for over three-quarters of the entire budget base is inescapable. Consequently, any substantial increase in the percentage reduction in either the administration, physical plant, or campus and student services groups would achieve only a small decrease in the percentage reduction in academic areas. Given many of the University's long-term commitments to its students and academic staff, opportunities to make extensive reductions or eliminations that would produce major savings in one year are not numerous. This is a problem that extends beyond the purview of the Budget Committee, which has authority for only one year. It is not insignificant to note that cutbacks in non-academic areas do affect the quality of life for staff and students, and, ultimately, do have an effect on the academic processes of the University.

Budget Recommendations

In developing the budget, and in particular in making specific recommendations, the Committee was aware and concerned that their recommendations should not unnecessarily impinge on the responsibilities of divisional heads. Consequently, we have not in all cases specified how our recommendations should be implemented. Where we have not indicated the particular means by which a recommendation should be carried out, we expect that the divisional head in consultation with the vice-presidential office to which he or she reports will fulfill our recommendation in whatever fashion is most suitable to the division. We would urge divisional heads to follow the Budget Guidelines and the general policies enunciated in the report of the Budget Committee in implementing our recommendations.

In those cases where our recommendations do indicate how a decrease or increase should be implemented, it is our expectation that the division will in fact undertake to adjust its budget according to our recommendation. The Committee is not unaware that circumstances may change in such a way that more suitable means may become available to divisional heads to carry out our recommendations. Where this does occur, the divisional head should consult with the respective vice-presidential office to arrange an amendment.

There are several places in our recommendations where we explain what we think the likely consequences of our recommendations will be. These explanations should not be taken as being prescriptive or binding.

Wherever there is a question about exact dollar

amounts, the Financial Report should be considered the precise expression of the Committee's intentions.

The Budget Groups

Arts and Sciences, and Colleges

I. The divisions gathered together in this Group have responsibility for research and teaching in the basic disciplines of the Humanities, Social Sciences and Natural Sciences.

In addition to those registered in Arts and Science, students in virtually every other division of the University participate in these programs. The Group has a number of responsibilities for the intra- and inter-faculty relationships required to meet them was recognized by the Budget Committee, and its recommendations reflect an appreciation of the direct and indirect effects of significant changes in the arts and sciences for other sections of the University.

In 1975-76, about 37.5 percent—or \$57.4 millions—of the University's budget was applied to the support of the Faculty of Arts and Science, the School of Graduate Studies, and the Federated and Constituent Colleges. Of this amount, about \$33.8 millions is expended by the Faculty of Arts and Science. These divisions are closely related and inter-related. The Budget Committee recognized early in its deliberations that budget adjustments made in one division often have direct effects in other divisions. In some instances, budget changes cannot

be made unilaterally, but require co-operative decisions involving several divisions. There are some divisions within this group which do not have complete budgetary control over all parts of their programs, because some resources are provided by other divisions.

As a consequence of these conditions the Budget Committee and the Budget Advisory Subcommittee were only infrequently able to consider these divisions separately, although this was one whenever possible. A division that was considered separately was the School of Graduate Studies, which has University-wide responsibility for graduate programs. The School of Continuing Studies, also, was considered apart from other divisions.

The relationships between the Faculty of Arts and Science and Scarborough and Erindale Colleges, and the Federated Colleges are complex. As a general rule, the Budget Committee regarded the different colleges and campuses as being part of one University-wide Arts and Science program. Wherever it was appropriate and possible, we used similar criteria in developing recommendations for the Faculty and the Colleges. The Committee's overall aim was to make recommendations that would result in relatively similar conditions or "life-styles" being maintained in each college or on each campus.

For Scarborough and Erindale the Committee applied its general model that calls for reducing expenditures in ranked order—most to least—from administration, physical plant, campus and student

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services, and academic divisions. Toward this end, similar services and programs have been reviewed across the three campuses and recommendations made accordingly.

As a consequence of this review, we concluded that the graduate and administrative transfers should be discontinued. These transfers were instituted when the Ministry of Colleges and Universities provided separate grants for Scarborough College and Erindale College. The Ministry no longer follows this practice. The transfers are now entirely internal and do not represent real income or expenditures.

Health Sciences

II. The health science divisions share several unique characteristics. Their programs comprise a variety of dissimilar activities, which often are strongly influenced by considerations external to the University. In many cases, programs or parts of them, in the health sciences are funded from sources that are not controlled by the University and are not included in the University's base operating budget. In addition, the health science divisions share many of the problems and demands which bear on professional faculties generally; for example, most of the health sciences divisions have large clinical components, and their curricula frequently are influenced by professional licensing requirements. Given the complex composition of these divisions - a combination of basic science components, clinical programs, health care systems being integrated with other agencies and special responsibilities - maintenance of professional standards and clinical practices for the protection of patients who participate in clinical programs - it is difficult to describe precisely the ways in which the recommended budget reductions will affect the health science divisions. The Budget Committee has given careful consideration to these effects that are predictable and has made specific recommendations with an aim towards making reductions that will do the least possible harm to individual programs and services.

Professional Faculties

III. The structure of the budget process implies that the professional faculties constitute an identifiable and in some way homogeneous group. Whether or not this implication accurately represents the basic roles of the professional faculties, the Budget Committee has noted that there are several problems, responsibilities, and goals which these faculties do have in common and, more significantly, which do bear upon budgetary decisions and limit the means which are available to these faculties to comply with the Budget Guidelines and cope with budget reductions.

The service which the professional faculties provide to students and, thereby, to society is relatively specific. The standards and curricula of the faculties are influenced by their respective accrediting and licensing bodies, professional associations, and by the general professions themselves. In some professions, changes in practice require that the professional faculties adjust their programs to keep pace with those changes. One consequence of these conditions is that professional faculties often do not have much flexibility to change curricula or standards. While external conditions sometimes limit the flexibility of professional faculties, those conditions at other times require that these faculties lead their respective professions by setting standards and encouraging innovation. In some cases, professional faculties offer special programs - for example, secondary education in the University of Toronto Schools - or have specialized facilities - for example, the dental, nursery and greenhouse at Glendon College; several have special libraries.

The practical and applied goals of instruction in the professional faculties require, in many cases, a clinical approach. Clinical instruction usually requires more resources - in terms of staff size and, sometimes, salary, and facilities - than other forms of instruction customarily employed in the University.

In order to keep pace with developments in professional practice and to maintain links with their respective professions, several professional faculties draw teaching staff from the professional community. Thus, in several cases, part-time and temporary appointments are as important and central to some professional programs as full-time tenure stream appointments.

Because professional faculties often compete with industry and government for staff, the salary levels for professional faculties frequently are not as flexible as they are for other faculties. In general, salary levels in the professional faculties must be high enough to ensure that they do not become a barrier to the faculties' ability to attract high quality staff.

The demands for the services - teaching, research, and consultation - which professional faculties provide to government, industry, and society generally are growing. Although there is some evidence that the demands for services from the overall higher education establishment are contracting, this trend does not seem to apply to professional education.

Because of the responsibilities which these faculties have to their respective professions, the administrative burdens of some professional faculties are extensive and disproportionately larger than those of other faculties. In some instances, the professional faculties provide "quality control" for their respective professions and, thus, must assume significant registrarial responsibilities. Many of the professions which these faculties serve have complicated organizations and regulations which require that the professional faculties expend significant time and effort maintaining working relations with several different bodies.

Given these conditions held in common, our recommendations and the ways in which we anticipate the professional faculties may execute them do follow some discernible patterns. For example, relatively few reductions are likely to be made in clinical programs; the opportunities for such reductions are few and many relevant costs are difficult to control. The administrative responsibilities of many professional faculties are such that some faculties are more likely to reduce academic staff than support staff in carrying out the recommendations. External requirements on programs are such that most professional faculties will tend to compress programs rather than eliminate them, and to commit resources to teaching programs before research programs.

Other Academic Costs

IV. This budget group comprises several unrelated academic expenditures. Among these are funds for university research, the computer research subsidy, and the computer high speed job stream. The salaries of University Professors are included in this category. A fund to meet the expenses of persons invited to the campus for employment interviews is also included.

For most of these funds, we have recommended large reductions. Expenditures for the computer high speed job stream will increase as the cost of computer service increases.

Academic Services

V. The "academic service" divisions, which this budget group comprises, are: the University of Toronto Library, the University of Toronto Media Centre, the University of Toronto Computer Centre (UTCC), and the University of Toronto Library Automation Systems (UTLAS). Following the Budget Guidelines, the Budget Committee carefully studied the "charge-back" system by which users of academic services in effect purchase these services. The Committee concluded, and subsequently has recommended that, as a matter of general policy, the price structure for all services which are purchased by commercial organizations should include all direct and indirect costs, overhead recovery, and other costs that might normally be charged by commercial organizations. This price structure should not be unfairly competitive with commercial services. The price structure for non-profit organizations should reflect only direct costs and overhead recovery.

The Budget Committee recognized that, with the exception of the Library, the need to replace equipment in the academic services posed a serious problem. Consequently, the Committee has recommended that price-structures should, as a general principle, include charges for depreciation which would enable the University to establish funds for the replacement of equipment. How these funds might be best organized is a question which the Committee recommends should be referred to the administration for thorough study. One alternative which the Committee suggested should be considered was the establishment of a central fund to which specific requests for financing for new equipment might be made.

The Budget Committee devoted some attention to questions about appropriate accounting procedures for the Media Centre, UTCC and UTLAS. The Committee has recommended that the administration should conduct a study to determine the feasibility of removing these divisions from the University's general operating budget and instead include them in the University's ancillary operations, as are the University's residences and the University of Toronto Press. The Committee believes that separation of these services from the general operating budget might encourage greater efficiencies within the services, might provide a perspective from which the services could be viewed independently, and might result in the development of better billing and pricing systems. Separating these services from the general operating budget might also emphasize the significance of chargebacks in determining levels of expenditure.

In making recommendations for the academic services group generally, the Budget Committee recognized that reductions could be accomplished either by increasing efficiency or by reducing levels of service. With the exception of a few reductions in Library services and elimination of the technical component of the media production unit, the Committee's recommendations call for greater efficiencies and increased emphasis on external income rather than reduced levels of service.

Campus and Student Services

VI. The reductions which the Budget Committee has recommended for campus and student services require, by and large, the compression of some services and greater efficiency in others. In making these recommendations, the Committee was mindful that it might be possible to organize these services more effectively, both among themselves and with other services within and outside of the University. The Committee was also mindful that before a new organization were instituted, the Internal Affairs Committee of the Governing Council should study and discuss all of the alternate possibilities. We understand that the Committee already has this topic under discussion.

An example of an area where reorganization might

	Gross Expend.	Div/Dept. Income
Arts & Sciences, Colleges & Schools (Group I)	573,550.78	1,830,200
Health Sciences (Group II)	27,851,996	2,591,538
Health Sciences (Group III)	27,851,996	2,591,538
Other Prof. Facult. (Group III)	24,238,066	1,470,715
Other Academic Costs (Group IV)	1,164,069	
Total Academic	110,604,889	6,192,473
Academic Services (Group V)	17,247,724	7,092,888
Campus and Student Services (Group VI)	2,021,060	949,950
Administration	10,227,417	197,700
General Expenses	2,270,429	
Total Admin. & Gen. Expenses (Group VII)	12,497,846	197,700
Physical Plant:		
Maintenance and services	12,826,766	427,967
Utilities and rent	7,713,602	838,045
Major maintenance	150,000	
Total Physical Plant (Group VIII)	20,690,368	1,266,012
Sub-total	163,057,887	15,695,003
Provision for salaries and other costs - fiscal adjustment re previous decision		
Short-term commitments	5,241,367	
145,000		
TOTAL OPERATING EXPENSES	168,444,254	15,695,003

be possible and beneficial is counselling. Counselling functions are now performed by the Career Counseling and Placement Centre, the Advisory Bureau, the International Student Centre, the Housing Services, the Health Service, and the career counselling office of the Personnel Department. The Budget Committee believes that consideration should be given to devising a new and innovative organizational structure that might make it possible to provide the same level of service that now is available while at the same time utilizing staff and financial resources.

Another similar example is athletics. Presently there are two athletic and recreation departments - one for men and one for women - and two athletic associations. The overall structure of athletic programs at the University of Toronto will undergo a major re-organization in 1976-77. The Budget Committee is hopeful that this re-organization will produce some savings to the University in 1977-78.

Administrative

and General Expenses

VII. The Budget Committee concluded relatively early in its discussions that greater reductions should be sought in administrative divisions than in academic divisions. Given the magnitude of these reductions, the Committee's recommendations will entail several significant changes in administrative services.

The University's student information systems will undergo a major restructuring. In order to improve this system and others, the structure and content of data bases must be carefully reviewed and pruned to contain only the most essential data. The numbers and kinds of reports required will be substantially reduced by standardization and careful review of the need for them. Chargeback procedures are being introduced to provide divisions with a sense of the costs of information services. Tape-processing has already been introduced, reducing paper handling, and will provide considerable savings in this area. Because such review and reduction will require the services of computer and systems analysts, only a few staff reductions have been recommended for these staff areas.

Further savings in administrative services will be accomplished by achieving greater internal efficiencies, for example, typing pools will be introduced in some areas. Some services will be reduced as shorter public hours will be kept in some areas, thus reducing the University's public relations capabilities. Contingency funds will be reduced. These already are at low levels, and reductions will further diminish the University's capacity to respond to unforeseen changes.

Physical Plant

VIII. In recent years, the University of Toronto has had to reduce significantly its expenditures for physical plant. These reductions have been made at a time when most physical plant costs - particularly

that it was impractical, if not impossible, to make reductions in the Physical Plant Department's budget to offset entirely the increased costs of utilities and at the same time achieve a net savings. Consequently, we have divided our recommendations into two categories: one including those expenditures in which we felt it was realistic and possible to make reductions, and one for which we believed no net reductions could reasonably be recommended.

Although the three campuses are not similar enough to permit identical recommendations, the Budget Committee did attempt to view the Scarborough and Erindale campuses from the same perspective that it viewed the St. George campus. The physical plant budgets of Scarborough College and Erindale were considered separately from their academic and administrative budgets.

program as presently constituted would be reduced, rather the service to the College would be provided by the Faculty on a different basis and, perhaps, in a different pattern.

Regardless of how the Faculty's expenditures are reduced, the impact of the reduction on the University's arts and science programs will be significant, within and outside of the Faculty and at both the undergraduate and graduate levels. Instructional loads and class sizes may increase, some curricular specializations may have to be discontinued, and further enrolment limitations may have to be applied to control class sizes.

Erindale College

The College presented a special problem for the Budget Committee. In 1975 - 76, Erindale College had a planned enrolment increase of 9.3 percent. The actual enrolment increases are even greater: about 19 percent (this is the result of unexpectedly higher retention rates and acceptances of offers of admission). Our recommendations, therefore, acknowledge that these increases in enrolment will require additional expenditures in some areas, but we have not concluded that larger enrolments necessarily require proportionate increased expenditures in all areas. Consequently, our recommendations call for a combination of reductions and additions, which results in a net increase of \$122,338.

We recommend that the College's Academic General Fund be reduced by \$120,000. Further, we recommend that the College expenditures for administration, physical plant, and campus and student services be reduced by \$27,500, \$53,000, and \$14,000 respectively.

We recommend that the College's academic salary accounts be increased by \$56,182 to account for the May/June salaries of staff newly appointed in 1975 - 76. As with Scarborough College, we wish to make clear our understanding that the recommendations and allocations for the 1976 - 77 base budget assume that May/June salaries are included.

Given enrolment increases, we recommend that funds be provided to permit the College to make eight to ten new academic appointments. We recommend that some of these appointments should be made, where possible, through transfers from the St. George campus. In making these and any other academic appointments, an effort should be made to maintain a suitable balance of tenure stream and sessional positions throughout the College. We recommend that no more than \$177,600 should be allocated for these appointments, and that it should be applied to no other purpose.

The graduate and administrative transfers should be discontinued.

Innis College

The Committee recommends that the budget of Innis College be reduced by \$11,000. In terms of the overall University budget, this is a small amount, but it is not an insignificant amount to the College. Some courses may have to be eliminated and writing laboratory and library services reduced.

We have chosen to defer making a recommendation about the budget of the Transitional Year Program. Consequently, the recommended reduction applies to the College's budget, less expenditures for the TYP. Because the TYP is currently undergoing a triennial review, we believe that no budget recommendations should be made now; it is the Committee's recommendation that the budget of the TYP should be examined in accordance with the Budget Guidelines when the review is complete.

New College

It is our recommendation that the budget of New College be reduced by \$15,800. As with University College and Innis College, this is a relatively small amount in terms of the University's overall expenditures, but it is significant to the College's programs, particularly in terms of its efforts to develop a collegiate atmosphere and identity.

The Committee recognizes that the Memorandum of Understanding has required major changes in the College's programs. The newness of these changes makes it difficult for the College to predict exactly how it would undertake to reduce its budget according to the recommendation. Probably some reductions would be made in most areas of College expenditures, thus producing a decline in the quality of service and a compression of program.

Scarborough College

We recommend that the academic expenditures of the College be reduced by \$293,000. We further recommend that there be an additional expenditure in the amount of \$74,862 for May/June salary costs of academic staff newly appointed in 1975 - 76. To obviate any future misunderstanding, our recommendation for May/June salary costs applies only to the current situation. In subsequent years, beginning with 1976 - 77, all budget recommendations and

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Recommended 1976 - 77 Budget Summary

Projected changes from 1975 - 76 - increase (decrease)

Net Expense	% of Total Budget 76-77 75-76		Change in Gross Expense			Income Increase (Decrease)	Change in Net Expense	% of Gross Expense
			(Decrease)	Increase	Total			
55,520,558	37.7	37.5	(21,296,663)	\$46,644	(1,583,019)	310,000	(1,893,019)	(3.3)
24,960,458	16.9	17.0	(840,590)	290,000	(1,130,590)	3,365	(1,130,590)	(4.0)
24,960,458	16.9	17.0	(840,590)		(840,590)	290,000	(1,130,590)	(4.0)
22,767,331	15.5	15.6	(1,622,215)		(1,622,215)	3,365	(1,618,850)	(4.6)
1,164,069	.8	.8	(147,845)	65,000	(82,845)		(82,845)	(6.6)
104,412,416	70.9	70.9	(4,280,223)	611,644	(3,668,579)	603,365	(4,271,944)	(3.7)
10,154,836	6.9	7.1	(712,307)	478,227	(234,080)	570,160	(804,240)	(4.6)
1,061,130	.7	.8	(109,500)		(109,500)	88,174	(197,674)	(9.3)
10,033,717	6.8	7.2	(988,994)	291,560	(796,834)	84,440	(881,274)	(8.0)
2,270,429	1.5	1.5	(176,500)	20,000	(148,500)		(148,500)	(6.1)
12,504,146	8.3	8.7	(1,164,894)	219,560	(945,334)	84,440	(1,029,774)	(7.7)
12,398,799	8.4	9.1	(1,571,900)		(1,571,900)	44,165	(1,616,065)	(11.2)
6,481,557	4.7	3.3	2,279,732		2,279,732	387,234	1,892,498	34.8
150,000	.1	.1						
19,430,356	13.2	12.5	(1,571,900)	2,279,732	707,832	431,399	276,433	1.4
147,362,884	100.0	100.0	(7,838,824)	3,589,163	(4,249,661)	1,777,538	(6,027,199)	(3.6)
5,341,367			(606,900)	3,467,155	2,861,155		2,861,155	
145,000				145,000	145,000		145,000	
452,749,251			(8,444,824)	7,201,318	(1,243,506)	1,777,538	(3,021,044)	

Net total reductions prior to implementing the supplementary budget plan are as follows:

Net total reductions as above	\$6,027,199
Pay reduction in salary and benefit provision not required	606,900
Saving on computing equipment	1,017,000
Total net reductions	\$7,650,199

See page 12 of the Bulletin for the Annotations to this report.

those for utilities - have risen sharply. The combination of reductions and cost increases has placed heavy burdens on the physical plant budget. This year the Physical Plant Department's maintenance and service budgets must again be severely reduced. On a percentage basis, the reduction that we recommend for this budget group will be greater than for any other group.

Most forms of preventive maintenance will have to be curtailed; some will be eliminated altogether. The night watchman service (building patrol) will be discontinued. The Physical Plant Department has already implemented new cleaning schedules whereby offices and non-public areas are not cleaned every day. Cleaning services provided on this "skip cleaning" basis may have to be placed on even more protracted schedules in 1976 - 77.

Given the age of many components of the University's physical plant, past and present reductions have an even greater significance. The physical fabric of the University of Toronto requires considerably greater maintenance and service than does that of most other universities. The provincial government's policies for capital funding have not always taken into full account the age and condition of the University of Toronto's physical plant. In its annual brief to the OCUA, the University last year paid special attention to the problems of capital financing. The age of the University's physical plant also places heavy demands on the Department's planning division, which must promptly provide alternatives for the improvement and upkeep of the physical plant. Unfortunately, some reductions will have to be made in the planning division.

The costs of utilities have been increasing for the past two years. The Physical Plant Department has in the past mounted energy conservation programs that have met with some success. It is imperative that these programs be continued and expanded. But the magnitude of the problem is now so great that the Physical Plant Department cannot alone bear the responsibility for energy conservation: all divisions of the University must commit themselves to saving energy.

The Budget Committee's task of reducing the University's overall expenditures by nearly eight million dollars was made more difficult by necessary increases in expenditures for utilities. We concluded

Recommendations Budget Group I. Arts and Sciences, and Colleges

Faculty of Arts and Science

Our primary recommendation is that the Faculty of Arts and Science should reduce its expenditures by \$1,521,512. Given the size, complexity, and central position of the faculty, a reduction of this magnitude undoubtedly will have effects outside of the Faculty as well as within it. Furthermore, these conditions make it likely - and, in fact, desirable - that the Dean will employ several different means to accomplish this reduction. The Committee understands that the only major options available to the Dean for budgetary flexibility probably will be the elimination of a large number of academic positions and the integration of evening instruction in the winter session.

We would not want to restrict the Dean's flexibility to achieve the level of reduction which we propose, but we are concerned that reductions in academic staff positions may be more numerous than those in support staff positions. We would urge the Dean to consider whatever other alternatives may be available to him to minimize the reduction of academic staff positions, or bring them into appropriate balance with support staff reduction.

The Dean of the Faculty has indicated that to achieve the reduction for which the Committee has called, it will be necessary that instruction in virtually all winter session evening courses be provided on an integrated basis. Slightly less than one half of all of the courses in the winter evening session already are offered on an integrated basis. The functional implication of integration is that instruction in about 75 courses, which now is funded on an individual stipend basis, would be provided as part of the Faculty's regular workload. The Committee does not intend that its recommendation should imply the precise method by which the remaining courses are integrated. Whatever the method, we are aware that integration will affect at least Woodsworth College in addition to the Faculty of Arts and Science itself. We do not anticipate that the Woodsworth College

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allocations are made with the express understanding that they shall be applied to a salary schedule which includes May/June salaries.

We also recommend an additional expenditure of \$10,000 for the College's new Co-operative Program in Administration. We make this recommendation on the condition that the College institute a fee to offset the administrative costs of arranging student placements.

We recommend that the College reduce its administrative expenditures by \$52,647, and its physical plant expenditures by \$98,900.

Given the size and complexity of the College's budget, the impacts of these reductions are varied. Reductions in expenditures for equipment and supplies might result in the elimination of laboratories in some science courses. Some extension courses in summer programs might be discontinued. Library contingency funds probably will be severely reduced. As in the case of the Faculty of Arts and Science, these reductions will have an overall effect of increasing instructional loads and reducing the amount of time spent in research. These increases and decreases should amount to a net reduction of \$256,459 in the College's budget.

The graduate and administrative transfers should be eliminated.

School of Continuing Studies

The School of Continuing Studies, we believe, should be operated on a self-supporting basis. Consequently, our basic recommendation is that the School's income should at least match its expenditures, including overhead costs of building renovations (as approved by the Business Affairs Committee). We recommend that in 1976 - 77 the School's expenditures should not exceed \$1,775,007 and its income should amount at least to \$1,795,000.

These levels of income and expenditure are predicated on an understanding that the School will institute new programs - a language institute offering courses in English and French, a course in English for French-speaking administrators, intensive French language courses, and a summer theatre school - which would increase its income by \$175,000 against new expenditures of \$150,000. We recommend that the School be permitted to institute these new programs.

We also recommend that the School implement a cost accounting and control system which would ensure that its expenses do not exceed its income.

School of Graduate Studies

Following the School's submission, the Committee has regarded the School of Graduate Studies' budget as having three separate parts: administration, graduate centres and institutes, and fellowships. We, therefore, have made our recommendations accordingly.

We recommend that the School's expenditures for general administration be reduced by \$45,500. We anticipate that when the School moves to its new location some additional savings may be possible, but in 1976 - 77 these savings probably will be offset by the costs of moving.

We further recommend that the overall 1975 - 76 base budget expenditures for centres and institutes be decreased by \$109,951. We also recommend that there should be additional expenditures for the Master of Industrial Relations program (\$10,000) and the Centre for Religious Studies (\$38,000). These are new programs to which some commitments already have been made.

As consequences of these reductions, the School will be forced to reduce the number of visiting lecturers that it can bring to the campus. These lecturers are particularly important to smaller, highly specialized programs. Funds for these expenses will be fewer. In Centres and Institutes some academic cross-appointments and support staff positions will be eliminated or transferred to research funds. Quality of program and level of service may decline.

The Dean has requested a \$150,000 to \$325,000 increase in Fellowships. We recommend that the funds for Fellowships not be increased. The Committee understands that this recommendation probably will require that the School award fewer Open Fellowships in 1976 - 77, but the Committee is also aware that funds for Fellowships have been increased by large amounts in each of the past two years and that a three-year plan from the Connaught Fund became available last year for graduate support.

University College

We recommend that University College reduce its expenditures by \$17,800.

The implementation of the Memorandum of Understanding and the recent refurbishing of the College combine to make it difficult to predict what the demands will be on College expenses. Nevertheless, an analysis of spending patterns in recent years suggests that some reductions can be accomplished without forcing the curtailment of programs. The consequences of the reduction which we have recommended are likely to be a decrease in the level of

service provided by support staff, particularly in the Registrar's Office.

Woodsworth College

We recommend that the College's budget should be reduced by \$43,100. Most of this reduction will be carried out by reducing expenditures for staff salaries - both academic and support. The balance will be taken from expenditures for supplies.

We recommend no reductions in expenditures for the salaries of full-time academic appointments. Given the situation of the College apropos of other divisions, reductions in these expenditures would not constitute real savings, but would amount only to exportation of costs to other divisions.

For 1975 - 76, the College's budget included what in effect was a subsidy to the pre-university program. The Ministry of Colleges and Universities will this year undertake a review of all programs of this type and recommend new bases on which they might be funded. Consequently, we have concluded that we should not make a recommendation for this program.

Budget Group II.

Health Sciences

School of Physical and Health Education

The School, we recommend, should reduce its expenditures by \$12,700. Of this amount, \$10,700 should be saved by discontinuing the School's annual payment to the Men's Athletic Association for athletic services.

The School has heavy instructional and administrative workloads; any reductions of its budget will necessarily increase these burdens, but probably will not basally alter any programs.

Faculty of Pharmacy

Our recommendation is that the Faculty should reduce its budget by \$47,200. Of this reduction, some savings will be taken from expenditures for special and visiting lecturers, some from equipment, and some from laboratory supplies.

By reducing funds for special and visiting lecturers, the instructional workload of regular teaching staff will be increased and some specialized areas of the curriculum might not be as thoroughly covered, particularly clinical pharmacy.

The reduction in expenditures for equipment and laboratory supplies is possible partly because of changing laboratory needs, but considered along with the elimination of a support staff position, it will cause the Faculty's research effectiveness to diminish.

Faculty of Food Science

The Faculty's budget should be reduced by \$7,500 as several part-time faculty positions are eliminated in accordance with the plans for phasing out the program.

Faculty of Nursing

We recommend that the Faculty reduce its budget by \$45,000. Our expectation is that most of this reduction will result in decreases in expenditures for salaries, supplies and other related expenses, and an increase in income from the continuing education program.

A portion of the reduction in salaries will be achieved by transferring the salary of the Director of Continuing Education to the costs of that program. The effect of other reductions in salary expenditures would be the discontinuance of one academic appointment and one non-academic appointment. These reductions may reduce the amount of time the Faculty can devote to research.

In its submission, the Faculty urged that it be allowed to discontinue the Certificate in Public Health Nursing program. The Committee recommends that this matter be referred to the Planning and Resources Committee.

Faculty of Dentistry

We recommend that the Faculty of Dentistry reduce its expenditures by \$144,000 and increase its divisional income by \$38,000, thus producing a net saving to the University of \$182,000.

This recommendation will require that the Faculty increase its income from its clinic. This increase will be the largest possible within the limits of the goals of the clinical program. Approximately two-thirds of the overall cost of the dental clinic - \$1,600,000 annually - is supported by formula income.

To reduce its budget according to the Committee's recommendation, the Faculty will reduce its expenditures for support staff and part-time academic staff. In general, the effects of these reductions will be to shift the burdens of some technical tasks to students and to decrease the quality of clinical instruction.

Faculty of Medicine

For 1975 - 76, the Budget Committee recommended that the Faculty's budget be reduced by \$1,100,000 over a three-year period. Although we do not recommend that the overall objective of this three-year plan be changed, we have concluded that we must recommend that the schedule be accelerated for 1976 - 77. Accordingly, we recommend that the Faculty should reduce its expenditures by \$589,100 and increase its income by \$247,000 in 1976 - 77. The latter would be accomplished by increasing income from teaching and research support services.

Given the magnitude of this recommendation - \$836,100 in net expenditures, which is \$226,100 more than the original three-year budget called for - all of the means by which it would be carried out, but some individual teaching units which could not be described in precise detail. Most of the reduction will be accomplished by decreasing expenditures for academic and support staff. Some positions will be eliminated and others will be transferred to research grants and other external funding sources. No programs will be discontinued, but some individual teaching units which constitute some programs may be eliminated, thereby shifting their instructional loads to other units. Some programs - notably those in the Departments of Microbiology and Parasitology, Nutrition, and some basic medical sciences - will be restricted through the loss of part-time academic positions. Plans to phase out the Art as Applied to Medicine Department may have to be accelerated. As staff/student ratios decrease, the quality of clinical instruction will decline. There will be no salary increases in the portion of staff salaries funded under the Treatment and Rehabilitation Fund of the Department of Health.

Budget Group III.

Professional Faculties

Faculty of Applied Science and Engineering

We recommend that the Faculty of Applied Science and Engineering reduce its expenditures by \$389,000.

Given the size of the Faculty's budget and its multi-departmental organization, the Committee expects that the Dean will exercise several different options in accomplishing this reduction. Our understanding is that among the options which are likely to be chosen are reductions in academic staff (perhaps as many as nine or ten positions), graduate assistance, supplies, computer services and equipment. Some support staff positions may be eliminated or transferred to research grants. Where appropriate choices are possible, the Committee would prefer that the Faculty pursue a course of action which would minimize reductions in equipment and expenditures. These expenditures are already at extremely low levels.

The impact of the recommended reduction probably will have several dimensions. Reductions in academic staff will have the greatest effect in the Department of Civil Engineering, where the teaching load will increase, but no programs will be discontinued. Overall, the reduction will require program compression, rather than program elimination, although there is the possibility that some options may be curtailed, for example some specializations in mineral engineering.

Department of Architecture

We recommend that the expenditures of the Department of Architecture be reduced by \$30,000. The Committee recognizes that the Department is in rather unsettled circumstances, which follow from the dissolution of the Faculty of Architecture, Urban and Regional Planning, and Landscape Architecture. In addition to re-organization within the University, the Department has been reviewed by a special committee of the Council of Ontario Universities. Given these circumstances, the Committee concluded that its recommendations should not imply any tacit commitments which might pre-empt long-term planning for the Department.

We understand that the Department's plans for reducing its budget by the recommended amount call for reductions in expenditures for academic staff, graduate assistance, and guest lecturers. Expenditures for the last two items would be reduced by small amounts; most of the reduction would be taken from academic salary accounts. The impact of a reduction in expenditures for academic staff probably will be an increase in the size of studio groups and sub-groups.

Architectural

Administrative Office

A separate item related to but not part of the Department of Architecture's budget is the Architectural Administrative Office, which is a vestige of the Regional Planning and Landscape Architecture. We recommend that the Office reduce its expenditures by \$6,800.

Because the Office's role is for the moment

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temporary and under review, the Committee concludes that no additions (as the Office requested), should now be made to the Office's base budget. Our expectation is that the recommended reduction can be accomplished without serious consequences for the level of service provided by the Office.

Faculty of Education

We recommend that the budget of the Faculty of Education be reduced by \$392,000. The Committee's decision takes into account the large reductions which have been made in the Faculty's budget in the last two years and does not ignore the likelihood of further reductions in 1977 - 78 and 1978 - 79. The Faculty has developed a three-year scheme for reviewing its programs and, consequently, its expenditures. Our recommendation has been made in a fashion which, we hope, will ensure the success of the Faculty's own long-term plans for reducing its budget.

The Committee expects that to accomplish the reduction called for, the Faculty probably will reduce expenditures for academic staff, support staff, equipment, supplies, student travel, library acquisitions, publications and extension courses. The consequences of these reductions would be increased class sizes (particularly in the summer school where sizes, on the average, would increase from 15 to 30), the elimination of the educational media course, reduced clerical support in the Institute for Child Study, and a decrease in the geographical range of practice teaching placements. Given the size and complexity of the Faculty's budget, we understand that the Faculty may choose to make adjustments other than these to achieve the recommended reduction.

We also understand that the Faculty is investigating the feasibility of increasing tuition fees at the University of Toronto and St. George Schools, with an aim towards recovering more of the operating expenses of the Schools. We endorse this objective, but would recommend that any increases in divisional income thus produced should be taken in addition to rather than as part of the reduction called for.

Faculty of Forestry and Landscape Architecture

The Committee recommends that the faculty reduce its expenditures by \$60,000. We further recommend that part of this reduction should be accomplished by amalgamating the Faculty's library into the Central Library System. Other reductions, we understand, will be made in expenditures for academic staff - both full and part-time - and support staff.

The consequences of amalgamating the Faculty's library with the central system, we believe, will neither damage any of the Faculty's programs nor diminish service to users. Removal of the library might enable the Faculty to reduce the amount of space that now must be leased for it. Furthermore, the Faculty's activities might then be more consolidated. If the Faculty were to undertake to achieve the balance of the recommended reduction in the ways the Dean has suggested, the consequences would be the elimination of the forest recreation specialization and two courses in Landscape Architecture.

Faculty of Law

The Committee recommends that the budget of the Faculty of Law be reduced by \$30,000. In deciding to make this recommendation, the Committee recognized that the Faculty's level of instructional activity was relatively high and its instructional year longer than that of other faculties.

Our understanding is that the Faculty will undertake to make this reduction by reducing expenditures for library acquisitions and staff, part-time academic staff, and support staff. The impact of these reductions is not easy to predict exactly. The Faculty has a relatively large support staff and, therefore, does have some flexibility to adjust to budget reductions.

Faculty of Library Science

Our recommendation is that the Faculty of Library Science should decrease its expenditures by \$70,000.

Given the size of the reduction for which our recommendation calls, we expect that the Faculty will attempt to reduce its budget in several ways. Expenditures for academic staff, library acquisitions, and support staff are the areas which the Committee understands are most likely to be chosen for reduction. Although not all of the consequences of these reductions can be predicted, it does seem probable that the Faculty's capacity to offer courses in medical librarianship will be affected, that some courses will have to be offered in alternate years, and that the Faculty will generally increase the instructional workload.

Faculty of Management Studies

We recommend that the budget of the Faculty of Management Studies be reduced by \$34,000. This would be a relatively small reduction. Given the

instructional load of the Faculty, the consequences of such a reduction would be either to reduce some support service or to compress some portions of the Faculty's program.

The Committee also recommends that the Faculty should institute a system to prevent the Executive Development Program's expenditures from exceeding income. Since this program is budgeted on the assumption that it will be self-supporting, these measures would not constitute a budget reduction.

The Faculty has indicated that it might eliminate the Summer Session in order to effect a reduction of its budget. As last year's Budget Committee also concluded, we believe that this sort of reduction should not be permitted. The income of the Summer Session far exceeds its costs; its elimination, therefore, would not produce a net saving to the University. In any case, the need for the Summer Session is so great that other means of reducing the Faculty's expenditures should be employed.

The Committee did not ignore the Faculty's requests for additional expenditures. The Committee concluded that, with one exception, these requests could not be approved in a time of financial exigency such as that now facing the University. The exception would be the addition of two appointments - in accounting and international business - to the Faculty's staff. These appointments have been included as high priority items in our recommendations for contingency expenditures.

Faculty of Music

The Committee's recommendation for the Faculty of Music is that its net budget should be reduced by \$100,000. Although not a large faculty, the Faculty of Music offers programs in several different areas of specialization; consequently, we expect that the Faculty will reduce expenditures in several areas in order to reduce its budget by the recommended amount. The most significant implication of these reductions probably will be a change in the mode of instruction for the performance component of the undergraduate program. Wherever possible, the Faculty will attempt to recover the costs of public concerts, recitals, and other similar events. Overall, we expect that the Faculty will reduce its expenditures by \$86,415 and increase its division income by \$13,585.

Faculty of Social Work

We recommend that the Faculty reduce its expenditures by \$64,000. Given our understanding of the Faculty's plans for making this reduction, we expect that the impact of the reduction will fall mainly on academic staff. The most salient consequence probably will be a decrease in the Faculty's capacity to arrange field work placements in community development and planning. Because the Faculty's divisional income will decrease by \$10,220, the Faculty's net expense reduction will amount to \$53,780.

Budget Group IV.

Other Academic Costs

Computer High Speed Job Stream

Expenditures for the Computer High Speed Job Stream should increase by \$65,000 to meet the increased cost of computer services. This will be an internal expenditure, as the services are provided by UTCC.

Travel and Interviews

We recommend that this budget should be reduced by \$15,000.

University Research

This is a relatively small fund, but the Budget Committee was especially reluctant to recommend that it be reduced even by a small amount. External support for university research is diminishing in real terms. The University, through its Officers, has made and will continue to make appeals that external support for research be increased or, at least, not be reduced. The Budget Committee believes that its recommendations should be consistent with these appeals. Therefore, we recommend that no reduction be made in this fund.

Computer Research Subsidy

Our recommendation is that this subsidy should be reduced by \$14,504 for 1976 - 77.

Non-Departmental Professors

A reduction of \$18,341 will be possible in 1976 - 77.

Student Information Systems

Because the proposed reorganization of student information systems should produce savings throughout the academic divisions, these savings cannot be allocated specifically to the divisions. Consequently, out of the total amount of \$200,000, the Committee recommends that \$100,000 should be credited to general academic costs. The remaining \$100,000 should be credited to Student Information Systems in the Office of the Vice-President and Provost, listed in budget group VI.

Budget Group V.

Academic Services

University of Toronto Library

We recommend that the 1976 - 77 budget of the University of Toronto Library be reduced by \$469,307. This saving will be achieved by reducing expenditures for services, by some internal reorganization, and by increasing use of Library Automation Services for greater efficiency.

We repeat the recommendation of the Budget Committees for 1974 - 75 and 1975 - 76 that the Library be allowed to increase the book fund at the end of 1976 - 77 by an amount equal to: (a) underspending in other Library expenditure accounts and (b) the excess of actual divisional income in 1976 - 77 over the 1976 - 77 budgeted amount. Under this arrangement, this surplus would be calculated by the Budget Office in consultation with the Chief Librarian, and would be allowed as a "carry-forward" for spending in the subsequent fiscal year, up to a maximum of \$160,000. If there is a surplus in excess of \$160,000 the Library would be allowed to transfer 50 percent of the excess into the book fund.

A task force (chaired by Principal Hallett) is studying the need for individual departmental and faculty libraries. We hope and expect that during 1976 - 77 and subsequent years, some divisional libraries will be incorporated into the Central Library System. Incorporation of divisional libraries into the central system will produce savings not only for the departments concerned but also for the Central Library, which currently spends approximately \$450,000 annually in support of these divisional libraries.

Media Centre

Our recommendation is that the Media Centre's net budget should be reduced by \$55,000. Of this amount, approximately \$35,000 will be saved by discontinuing the technical component of the media production unit. With the exception of one technical staff position that will be transferred to the Centre's audio visual services section, the media production unit's design component will be continued. Elimination of the technical component will require that the Centre purchase those production services that it formerly provided through its own facilities.

Because production services will have to be purchased, we recommend that a media production fund be established to provide for these purchases. This fund should contain \$50,000 in 1976 - 77, and a committee should be formed to review requests that are made for support from this fund.

In addition to elimination of the technical component of the media production unit, several other reductions will be made, including the discontinuation of one position in the graphics and photography section. These reductions will be greater than \$55,000, but counterpoised to them will be decreases in income as external users will no longer be able to purchase production services from the Centre.

Through this new organization, the Media Centre will be able to focus its attention mainly on serving the needs of users within the University, which it has not heretofore been able to do.

University of Toronto Computer Centre

We recommend that the University of Toronto Computer Centre reduce its net budget by \$265,000 in 1976 - 77. This recommendation is predicated on the assumption that the Centre's income for 1975 - 76 will not be as great as anticipated. Equipment replacement is especially important to the Computer Centre. Consequently, our recommendation is that the equipment budget in the Computer Centre should be maintained at the 1975 - 76 level, and if this amount is not needed for new computer purchases in 1976 - 77, it will be shown as underspending in the Computer Centre budget.

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University of Toronto Library Automation Systems

We recommend that the gross expenditure budget of UTLAS be increased by \$282,727, contingent on there being net revenue of \$1,700,000 in 1976 - 77, after the recovery of overhead costs. Should net divisional revenue exceed the budgeted amount for 1976 - 77, we recommend that the Office of the Vice-President and Provost be permitted to increase UTLAS' gross expenditure budget accordingly by up to \$400,000.

As UTLAS income increases, some saving to the University will be realized through overhead recoveries. If UTLAS sales to commercial customers occur in 1976 - 77, the System's price structure will be revised in order to recover costs in accordance with our general recommendation for this budget group.

Budget Group VI. Campus and Student Services

Advisory Bureau

We recommend that the budget of the Advisory Bureau be reduced by \$5,500. This reduction will be accomplished by the elimination of staff positions for temporary assistants.

Career Counselling and Placement Centre

We recommend a budget reduction of \$8,200. This amount can be saved by reclassifying two staff positions. This reclassification may limit, but not basically change, the Centre's services.

Health Service

We recommend that over the next three years the Health Service should become a self-supporting operation. Student fees and fees for services rendered should equal the Service's gross expenditures. For 1975 - 76 fees will fall short of expenditures by \$107,000. We recommend that this amount should be reduced to \$32,000 by increasing OHIP service income. In the event that increases in income do not amount to \$75,000 in 1976 - 77, we recommend that the Director of the Health Service, in consultation with the Office of the Vice-President - Internal Affairs, seek means of reducing expenditures accordingly. We understand that this may necessitate the closing of the Infirmary.

Housing Service

We recommend no change from the 1975 - 76 base budget of the Housing Service.

International Student Centre

We recommend that the budget of the International Student Centre be reduced by \$10,000. This reduction will require that the Centre limit some of its services and recover some of the costs of services that it provides to agencies outside of the University.

Athletics and Recreation - Men

We recommend a \$5,000 reduction in the budget of the Department. To comply with this recommendation, the Department will reduce its expenditures for part-time academic salaries and for student instructors' salaries.

Athletics and Physical Education - Women

The Department's budget for 1976 - 77 should be \$27,600 less than that for 1975 - 76. This saving will be achieved by increasing fees in the Women's Athletic Association and by transferring some expenditures to the Association.

Budget Group VII.

Administrative and General Expenses

Administration

Governing Council

Governing Council Office

We recommend that the Office of the Governing Council 1976 - 77 budget be reduced by \$43,876.

The Office will reduce its staff, reclassify some positions, and reduce expenditures in some non-salary accounts. These reductions will be possible, in part, because of fewer committee and subcommittee meetings and the installation of new duplicating equipment.

Office of the Ombudsman

Because the Office is new, its needs and expenditures cannot be predicted with accuracy. We, therefore, recommend no changes in the Office's budget.

President

We recommend that for 1976 - 77 the budget of the President's office be reduced by \$50,000. This recommendation will require that one staff position (executive assistant) be discontinued, and that the President's confidential fund be reduced to the point of near elimination.

Office of the President

We recommend a \$1,500 reduction in the Project's expenditures. Most of this reduction will be taken from the publications account.

Vice-President and Provost

Office of the Vice-President and Provost

Our recommendation is that the Office's budget should be reduced by \$45,800. We anticipate that to make this reduction the Office will eliminate two staff positions, and decrease expenditures for the University Tribunal and equipment.

Student Information Systems

The University's student information systems were thoroughly reviewed by a consulting firm retained to recommend improvements and cost reductions. The Budget Committee recommends that the consultant's report should be implemented. This would result in the current arrangement being re-organized to form a separate student information system reporting to the Office of the Vice-President and Provost, and a business information system reporting to the Office of the Vice-President - Business Affairs. Within the student information system, several central functions (including those in Statistics and Records, Admissions, Student Awards, and Fees Accounting) and some divisional functions will be re-arranged to produce a net saving of \$200,000.

Office of Statistics and Records

We recommend a \$69,719 reduction in the Office's budget for 1976 - 77. The Office will achieve this reduction by eliminating some staff positions and by increasing efficiency through improvements in reporting systems. We further recommend that the Alumni Records File (which has a support staff of eight and a budget of \$66,011) be transferred from the Office of Statistics and Records to Alumni Affairs.

Admissions

We recommend a reduction of \$45,970 in the 1976 - 77 base budget of the Admissions Department. We realize that a reduction of this magnitude may extend the time required for decisions on applications. We recommend that, as far as possible, savings should be achieved by means which will least affect the Department's service to the general public. We further recommend that the present \$10 application fee for applicants who are not currently registered in Canadian secondary school be increased to \$15. This increase in income should be credited, as is the \$10 fee, to general University revenue. The Committee understands that this increase will not discourage applications and does more closely represent the real cost of processing these applications.

Office of Student Awards

Our recommendation is that the Office of Student Awards should reduce its expenditures by \$19,000. We would hope that the reduction, like that in Admissions, can be achieved in a fashion that will adversely affect the students as little as possible.

Student Assistance

For 1975 - 76, this account amounted to \$80,500. We recommend that this should be reduced to \$76,075 for 1976 - 77. This reduction will be accomplished by decreasing expenditures for free tuition and for scholarships in the Constituent Colleges. The Committee also recommends that these

scholarship accounts should be transferred - less the recommended reduction - to the respective colleges. The aim of the recommendation is to give the Colleges greater autonomy in managing their own student assistance programs.

Vice-President

- Research and Planning

Office of the Vice-President

- Research and Planning

The Committee recommends that the Office should reduce its expenditures by \$34,000. This reduction will be made by eliminating staff and secretarial positions. As a consequence of this reduction, the Office's capabilities for planning in the health sciences and for responding to government policy will be decreased.

Office of Research Administration

Our recommendation is that the Office's budget should be decreased by \$16,871. This saving will be possible in part because of the implementation of a new teleprocessing system. The balance of the reduction will be achieved by eliminating one and one-half secretarial positions, some services, by revising mailing procedures, and by upgrading one staff position.

Vice-President

- External Affairs

Office of the Vice-President

We recommend that the budget be reduced by \$6,000. Our expectation is that this reduction will be made through decreasing expenditures for travel and for clerical assistance intended to support the fund-raising which will begin this year.

Sequicentennial Program

The Budget Committee recommends that the account should exist for only three years - 1975-78 - and, therefore, should not be continued as a base budget commitment. Because we do not believe that this item should be part of the base budget, we shall not make any recommendation about the amount of expenditure. We understand that the total cost of the sequicentennial celebrations will be \$150,000, that \$30,000 was spent in 1975 - 76, and that the balance will be divided equally between the remaining two years.

Alumni Affairs

The base budget of Alumni Affairs should be reduced by \$20,000. As a result of this reduction there probably will be fewer mailings to Alumni (one per year will be the likely schedule), fewer staff visits to Alumni meetings, and no senior staff visits. We also recommend that the Alumni Records section of Statistics and Records should be transferred along with its entire budget of \$66,011 to Alumni Affairs, and that the accounts transferred should be reduced by \$3,300. These reductions will decrease the University's fund-raising and public relations capabilities.

Private Funding

The Budget Committee recognizes that the department's current budget is not adequate to carry on a major fund-raising campaign in the private sector. We, therefore, recommend that the 1975 - 76 base budget should be reduced by \$4,626 and that \$70,000 be added to this reduced base for 1976 - 77. An amount equal to this addition should be shown as divisional income from the funds raised under the campaign. The additional \$70,000 will enable the department to increase its staff according to the needs of the campaign.

Information Services

We recommend that this department reduce its expenditures by \$33,600. Information Services is responsible for publishing the *Bulletin*. The recommended reduction might require that fewer issues be published and that circulation be decreased. Some staff reductions may also be necessary. As circulation and frequency of publication decrease, the *Bulletin*'s role in keeping the University community well informed will also diminish.

Vice-President

- Business Affairs

Office of the Vice-President

We recommend that the Office's budget be decreased by \$27,146. This decrease probably will be

accomplished by reducing the secretarial staff, by eliminating the salary contingency fund, and by making small reductions in several non-salary accounts.

Administrative Services

For the department we recommend that a reduction of \$39,708 be made. This reduction will be achieved by transferring the salaries of two staff positions to the Residence and Food Service budget, where these salaries can be recovered as overhead. Two other positions — one in Purchasing and one in the Post Office — will be eliminated. Internal mail delivery probably will be made only once each day as a result.

Director of Finance

We recommend reductions of \$122,800 in the 1976-77 budget of the Director of Finance. We recognize that savings of this magnitude will involve significant reductions in staff complement which, it is hoped, can be accommodated through normal attrition. Although some of the savings may be achieved through improvements in the computerized UNIFACTS and UNISTAFF systems and the formation of typing pools, we are aware of the distinct possibility that reductions in levels of service will also ensue.

Business Information Systems

This department, formerly part of Information Systems, has been re-organized in the past few months. This re-organization will produce savings over the long term, but for 1976-77 the costs of re-organization are such that we recommend no reductions in the department's expenditures.

Special Reduction

We recommend that a net reduction of \$130,000 be set as an additional target for savings in the expenditures of the central administration. This amount should be saved in several different areas within the central administration's budget.

Vice-President — Internal Affairs

Office of the Vice-President

We recommend that the Office's budget be reduced by \$17,506. This reduction will be accomplished by many small savings in different accounts. None of these savings is likely to result in the discontinuance of a particular service or activity, but several activities will be limited. Because implementation of some of our recommendations for Campus and Student Services will add to the workload of the Office of the Vice-President, we have not recommended a larger reduction.

Personnel

Our recommendation for the Personnel Department includes both reductions and additions. The 1975-76 base budget of the Department should be reduced by \$72,400. This reduction will be partly achieved by eliminating the Staff Appointments Section. This will be possible because of improvements in the Personnel/Payroll system and the simplification of staff appointment procedures. Elimination of the Staff Appointments Section will require that departments manage their salary accounts more carefully in order to avoid overruns. One position in the Safety Division will be eliminated and the University of Toronto Staff Directory will be discontinued. Regarding the Safety Division, we recommend that a study be undertaken to review the entire safety organization within the University; the organization now is dispersed among several departments.

Last year, the Rankin/Iacobucci report on Personnel recommended to the Internal Affairs and Business Affairs Committees that the Personnel Department's budget be increased by fourteen positions at an estimated cost of \$180,000. These new positions would give the Department additional support in labour relations, salary administration, and benefits and records. These positions also would enable the Department to institute new programs in equal opportunity and employment services. Although we feel that we cannot recommend implementation of the entire proposal, we do recommend that \$121,560 be added to the Department's adjusted base budget to implement the proposal partially.

General Expense

President's Office

We recommend that there be a net reduction of \$21,200 in the Office's expenditures. The 1975-76 base budget will be reduced by \$33,200; of this

amount \$25,000 will be taken from the Office's contingency fund, \$5,000 from the cost of producing the President's Report, and the balance from several different accounts. In order to re-instate the practice of publishing graduates' names in Convocation programs, we recommend an increase of \$12,000 in Convocation expenses.

Vice-President and Provost

We recommend that the fee to SACU (Services for Admission to Colleges and Universities) be discontinued. This fee amounts to \$1,500. This reduction will have no adverse affect on the University, for SACU has itself been discontinued.

Vice President — Business Affairs

The Committee recommends both increases and decreases for this department. The net reduction should be \$9,800. Gross reductions should amount to \$37,800. Of this amount, \$27,000 will be saved by eliminating the telephone contingency fund. This reduction may require that divisions depend entirely on their own funds for telephone services. The \$10,000 — will be saved by reducing the central administration's contribution to the Scarborough College bus service. The College plans to reduce its expenditures for the bus service by \$35,000; \$10,800 represents a proportionate share of this reduction.

Because replacement building values have increased extremely due to inflation, the Budget Committee feels that it must recommend an increase of \$28,000 for insurance premiums.

Vice-President — Internal Affairs

We recommend that general expenditures for Internal Affairs be reduced by \$50,000. Of this amount, about 40 percent can be taken from the grant to Hart House and about 40 percent from the maternity leave fund.

The saving in the Hart House grant will be possible because of underspending for physical plant costs. When the maternity leave fund was established in 1975-76, the expectation was that \$70,000 would be needed to meet requests for assistance from the fund. It now is estimated, based on actual requests, that \$50,000 should be a sufficient amount for 1976-77.

Budget Group VIII.

Physical Plant

Physical Plant — Maintenance and Service

Our recommendation is that there should be a reduction of \$1,464,165 in the Physical Plant Department's budget for maintenance and services. This is a very large reduction; it will require that many different services and activities will be curtailed. The frequency of cleaning will be reduced. All building improvements will be discontinued. Non-recurring and periodic building maintenance will be reduced to the point where only emergency maintenance will be carried out. Electrical and mechanical maintenance will be reduced, as will grounds maintenance. There will be several reductions in administrative areas, particularly in planning and construction supervision. The building patrol (night watchman service) will be eliminated, although perhaps not entirely in one year.

Most of these reductions can be accomplished only through eliminations of staff positions. There is no realistic possibility that the necessary reductions in staff can be achieved through attrition in 1976-77. We understand that the Physical Plant Department will have to eliminate 120 staff positions in order to meet the reductions that our report recommends.

Major Maintenance (Committee on Accommodation and Facilities)

We recommend no changes in this budget for 1976-77. Expenditures from this budget in 1975-76 will significantly exceed the \$154,000 currently allocated to it. Expenditures in this account cannot be accurately forecast from year to year because requests made to it are of a non-recurring nature. Many of these requests are predicated on the amount of capital funding available annually. In years when capital funding is generous, some of the projects submitted to the Committee on Accommodations and Facilities are incorporated in capital projects. When capital funding is less generous, these projects must be funded by the major maintenance budget.

Physical Plant — Utilities and Rent

The costs of utilities have increased so much in the

past year that it is impossible to recommend a reduction in this category. The budget recommendations for 1975-76 did not make a sufficient allowance for increases in the cost of utilities, consequently expenditures for utilities in 1975-76 are running ahead of the budget amount by about \$650,000. We, therefore, recommend that this amount be added to the base budget for 1976-77, pending confirmation of the exact amount by the Vice-President — Business Affairs.

We also recommend that a program designed to conserve energy be introduced with the aim of reducing the University's consumption of energy by two percent (based on 1975-76 levels of use). The Physical Plant Department had originally estimated that energy consumption would increase by about three percent in 1976-77. The energy conservation program would, therefore, produce a five percent saving in energy use. This program should be sponsored jointly by the Vice-President — Business Affairs and the Vice-President and Provost. If the program is to succeed, the Physical Plant Department and the divisions, both academic and non-academic, must co-operate closely. If it were to prove necessary, we would recommend that the program institute an incentive scheme which will reward those divisions that reduce their consumption of energy. For example, purchases of new equipment that would make additional demands on utilities might be restricted unless there were corresponding compensatory reductions in the use of equipment already on hand. We expect that this program can reduce expenditures (based on estimated prices for 1976-77) for utilities by about \$300,000. Assuming that an energy conservation program is mounted and its goals achieved, we would recommend that a contingency fund of \$661,102 be established under the control of the Vice-President for Business Affairs. If and when the costs of utilities and rents increase in 1976-77, the Physical Plant Department could apply to this fund for the appropriations needed to cover these increases. This fund should be used only to meet any additional costs that derive from price increases, NOT from increases in the use of utilities. If the energy conservation program fails to reduce the volume of utilities usage, it will be necessary to create a special contingency fund to meet the costs of additional usage. This fund should not contain more than \$300,000 and should be strictly controlled by the Vice-President — Business Affairs and the Vice-President and Provost.

The University's annual rental bill is approximately \$550,000. We recommend that the Office of Space Analysis and the Committee on Accommodations and Facilities seek ways to reduce this expenditure. Some of the Budget Committee's recommendations will present opportunities for relocating some divisions and departments that now occupy rented space. If divisional and departmental libraries are to some extent amalgamated into the central library system, some substantial reductions in leased space may be possible.

Effect of the Budget Recommendations

The fundamental objective of the Budget Guidelines and the Budget Committee was to accomplish the necessary reduction by identifying and choosing those alternatives that would have the fewest harmful effects on the University's programs, particularly its scholastic programs. At the outset of the budget process, each divisional head was asked to submit an estimate of how his or her division would undertake to reduce its budget by five percent, and what the consequences of such a reduction would be. Information about these consequences varied both in extent and detail, but in all cases the primary focus was on programs, and particularly on how their quality would be affected by budget reductions.

On Programs

Academic Programs

The University's academic programs comprise three fundamental activities: teaching, research, and public service. Because it is difficult to define and measure these activities, and in many cases to make clear distinctions between them (for example, between research and graduate instruction), it is similarly difficult to describe precisely the impact of budget reductions on these programs. Therefore, in most cases it is possible only to describe first the effects of reductions on program resources, and then to identify generally the expected implications for programs. Among these general implications are the improvement or deterioration of program quality, the expansion or contraction of programs, and the discontinuance of programs altogether. Given the interdependence of many basic programs and the participation of most academic staff in these programs, any one program or individual faculty member could be affected by more than one program or resource change brought about by budget reductions. No recommendations have been made which call

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for the elimination of major academic programs. Given the reduction of formula income that would follow from the discontinuance of a major academic program and the time schedule that any such elimination would require, the Committee considered that the elimination of an entire academic program would not solve the University's budgetary problems for 1976-77. This is not to say that program elimination might not be an effective solution in the context of longer term financial plans. In fact, recent government policy about graduate programs will provide opportunities to consider discontinuation of entire programs without affecting the University's income.

In order that the Committee might make informed decisions about academic staff resources, the instructional activity of each teaching division was carefully studied. Many of the Committee's recommendations were based, in part, on this analysis. The Committee was specifically concerned with three basic aspects of instructional activity: class size, staff workload, and clinical instruction.

In developing these recommendations, the Committee made special efforts to compensate for necessary reductions in academic staff. Towards this end, day and evening courses should be integrated, as should similar courses offered by different divisions or on different campuses. Close attention was paid to undergraduate courses and sections that enrolled fewer than ten students; these courses should be integrated or eliminated wherever possible. This approach is an effective means of maintaining efficient class and section sizes, but in a few cases it might also limit some curricular options.

Given the anticipated reduction in academic staff size, it will probably become less likely that Arts and Science undergraduates, on the average, will receive significant portions of their instruction in classes of fewer than twenty students. The likelihood is that more than one-fifth of an undergraduate's formal instruction will be provided in classes that enrol more than 120 students, with the proportion of larger classes being much greater in the first and second years.

In endorsing plans, particularly in the Faculty of Arts and Science and Woodsworth College, to integrate winter evening courses, the Committee was also concerned that the University should comply with the policies of the Council of Ontario Universities, the Committee on University Affairs, and the Ministry of Colleges and Universities—all of which call for the complete integration of part-time degree programs.

Class sizes and staff workloads in clinical instruction were of special concern to the Committee. There are growing pressures from professional associations and students to improve the clinical or practical component of programs and courses. In almost all cases, clinical instruction requires closer staff/student ratios and additional expenditures for the organization and co-ordination of the programs. In 1976-77, no fewer than six divisions—Dentistry, Education, Medicine, Forestry, and Social Work—will have to reduce to varying extents the duration or variety of their clinical instruction, or in some cases change the method by which it is offered. In Dentistry and Music, students will receive applied training in larger groups; in Social Work, fewer staff resources will be available to oversee some components of the practicum.

Reductions in budgets will require some decreases in services which support the University's academic programs. To assist the Budget Committee, an extensive study was made to describe how support staff were deployed throughout the academic divisions. One component of this study was an analysis of support staff positions in terms of the academic functions which each position served. This analysis enabled the Committee to view support staff activity on a functional, programmatic basis rather than on a divisional basis, and to make useful comparisons of similar support staffing complements among divisions.

These studies helped the Budget Committee understand the effects of reductions in support staff on program quality. The Committee believes that such studies will be useful to divisions in the future (each of whom has received reports of the studies) and recommends that they use them to seek possibilities of making fewer reductions in academic staff by making more reductions in academic support. These possibilities were, in part, anticipated by the University-wide freeze in making appointments.

Expenditures for equipment and supplies which support academic programs have not been increased through the Committee's recommendations. These expenditures have not been increased in most divisions for the past two or three years, therefore, significant reductions in these areas were not really feasible. Given increases in cost of goods and services, and in some divisions larger enrolments, the absence of any additions to the budget has the effect of a budget reduction. Examples of the effect of reductions in equipment and supplies would be the necessity of eliminating or significantly reducing the laboratory components of some courses or the increased burden on academic staff as some instructional aids become in shorter supply. Certainly a shortage of equipment and supplies will reduce the University's research capabilities.

Reductions in academic staff will have an effect on the University's research activity. As greater staff efforts must be devoted to teaching, less time will be available for research. This is, of course, an extremely general description; the transfer of academic effort from research to teaching may not be obligatory in all cases. Nevertheless, the overall amount of time spent in research activity probably will decline in the University at large. This marks the continuation of a trend that has been clearly identified by studies which compared the amounts of time spent on research and other academic activities, and by the absolute decline in the value of research grants to the University.

The Bissell Report on the University of Toronto Press, which was submitted last spring, recommended that the University should regard the Press as an integral part of the University's scholastic and research activity, and should, therefore, provide financial support accordingly. The Report outlined several alternate approaches for supporting the Press, and suggested ranges of support that might be considered. The Budget Committee concluded that a loan—as opposed to an operating subsidy or similar grant—was the most appropriate form of support at this time.

Only a few new academic programs were proposed for additional funding, and even fewer have been recommended for new appropriations. Because of prior commitments—some of which involved expenditures in 1975-76—the School of Graduate Studies will be allowed to increase expenditures for new programs in religious studies and international studies. Scarborough College will receive a small appropriation to begin its Co-operative Programme in Administration.

Academic Services

After reviewing library services throughout the entire University, the Budget Committee found that more than \$3 million will be expended currently for divisional and departmental libraries; this amount includes approximately \$450,000 from the central library system. The Committee concluded that some divisional and departmental libraries should be integrated with the central library system, but recognized that a co-ordinated two- or three-year plan for carrying out this task should be developed so that integration can be accomplished with maximum savings and minimum harm to service. There will be some progress made in this direction in 1976-77, notably in the Faculty of Forestry and Landscape Architecture.

Most reductions in library service will occur in non-teaching areas, and therefore will not impair any academic programs. The book acquisition budget will not be increased except through increases in divisional income and, as a consequence of inflation, the amount of discretionary spending for acquisitions will shrink. But this condition is not affecting any particular program to the extent that an immediate change in program quality is anticipated. Were expenditures for acquisitions to remain at current levels for more than a year or two, some damage to programs would undoubtedly result.

The University of Toronto Computer Centre operates on a fee-for-service basis. Because resources for research grants and divisional budgets are declining, demand for computer services has not been as high as expected. Consequently, fee income has not met anticipated goals. Accordingly, expenditures for UTCC must be reduced and steps taken to improve the efficiency of computer operations. Since UTCC services are purchased, these reductions will not have a direct effect on programs.

Following a recommendation of the Budget Committee for 1975-76, a task force (chaired by Prof. Van Fossen) was formed to review the major television production capabilities of the University. The task force recommended that the University retain this capability, but should make improvements in its organization. As a result of our recommendation to discontinue the Media Centre's production unit, and because of the financial constraints on the University generally, there are some serious questions about whether or not the remaining major television production facilities within the University can be viable financially. If these cannot be, there is a serious possibility that the service will have to be eliminated completely. Were this to occur, the University's needs for major television productions would then be met through external sources or the use of other media in instruction.

Campus and Student Services

Because the Budget Committee chose to follow a policy of giving higher priority to teaching and research, expenditures for campus and student services will be reduced relatively more than those for academic programs. Although the resources available for those services will be fewer, the basic programs will not change. To meet the level of reductions called for in the Committee's recommendations, some services will contract, but most of the reductions will be achieved by improved efficiency and increased cost recovery. The appropriate University administrative offices also will seek alternate sources of funding for some of these services.

Administration

The Budget Committee's overall recommendation is that expenditures for administration should be reduced by approximately eight percent. On a percentage basis, this reduction is more than twice as large as those for the academic divisions. This reduction will require major re-organizations of student information systems, the contraction of some services, and possibly the elimination of some offices.

Re-organization of information systems will reduce the system's capability to respond to needs for data, and this in turn will reduce the University's capacity to meet the external and internal demands for planning, reporting, and informed management. The effect of this re-organization on student reduction will be to limit the scope and variety of administrative services now performed, but will not require the elimination of any service or program entirely.

There will be other reductions in addition to those in information systems. The Admissions Office will reduce its staff and, thereby, might be forced to keep shorter public hours. Alumni address files will be less well maintained. Staff bulletins and directories will be less frequently published. Reductions in the staff of the Office of the Vice-President—Research and Planning will limit the University's resource planning capability and its capacity for responding to requirements for information about programs. In the President's Office, a contingency fund has been eliminated, thus reducing the University's ability to respond to unforeseen needs, special requests, and emergencies. Overall, the restriction and compression of services will limit the extent to which the University can effectively serve the public's needs and meet its own needs.

Physical Plant

Expenditures for the University's physical plant make up more than ten percent of the total operating budget. Of these expenditures, approximately one-third are for utilities and rents.

In order to minimize reductions in academic programs, the Budget Committee has recommended proportionately larger reductions in physical plant expenditures. Accordingly, a reduction of the size recommended will have major implications for the University community in so far as the maintenance of grounds, buildings, and facilities, and the security of the campus are concerned. Periodic maintenance will be discontinued to the extent that only emergency maintenance will be possible. Other services such as cleaning, painting, and wall-washing will be significantly reduced. The University has already instituted skip cleaning and will introduce further reductions of this sort in 1976-77. The night watchman service will be phased out.

Extreme increases in expenditures for utilities are especially problematic. These increases are due not only to rises in costs, but also to increased use: the volume of utility use in the University has been increasing by three to five percent annually, including the increases due to the addition of new buildings. The growth in the volume of utility use is due to more intensive use and the increasing reliance on energy-consuming equipment. These increases are taking place despite the Physical Plant Department's energy conservation programs. It is clearly evident to the Budget Committee that, although utility costs do not appear in the divisional budgets, the entire University community must join in the effort to reduce energy consumption.

These reductions in physical plant taken together will not directly affect academic programs. But the physical environment of the University will be of poorer quality. Over the longer term, some of these reductions may necessitate greater expenditures as maintenance schedules are protracted and emergency repairs become more frequent.

On Resources

Academic Staff

Although the number can neither be controlled nor exactly predicted, the Budget Committee expects that approximately 125 vacancies in academic staff will occur in 1976-77. Given the Committee's recommendations, overall staff reductions of about one-half of these vacancies can be filled. The net effect of the vacancies and the number of appointments that can be made to fill them is that the University's full-time academic staff will be reduced by approximately two percent.

The integration of part-time instruction in arts and science programs will have the same effect as reducing academic staff. Although some courses or sections may be eliminated because of duplication or unjustifiably small enrolments, overall effects of integration and 1975-76 increases in enrolment could amount to as much as a two percent increase in instructional workload. This, of course, assumes that some of the integration and increased enrolment will be offset through an increase in the average class size.

Some new appointments will be made, but many of these probably will have to be short-term appointments, which, in turn, may diminish the quality of

program and staff development in the future. Because of the limited number of retirements and resignations expected in the next few years, the University must take precautions now to avoid lay-offs in the future. It is expected that the reductions proposed for academic staff in 1976 - 77 can be made without lay-offs, but this is not a certainty and some divisional heads may choose to discontinue some positions as an alternative to reductions in other areas.

In academic divisions, some staff positions will be shifted from the University's budget to alternate sources of funding. This is likely to occur frequently in the Faculty of Medicine where, in combination with a continuing conversion of full-time positions to part-time status, it may undermine the stability and efficiency of the academic program by reducing the nucleus of full-time staff. Shifting staff positions to external funding may have further disadvantageous consequences. Salaries for externally funded positions have not been increasing as rapidly as those for University positions, consequently persons shifted to externally funded positions may be placed at a disadvantage in terms of income growth.

Support Staff

Given the relative magnitude of the reductions called for in administration and campus student services and the size of the allocation for support staff salaries, the proposed reductions require a severe decrease in the number of support positions: a six percent reduction in support staff complement probably will be necessary. This reduction, on average, will be largest in the Physical Plant Department, where it will amount to approximately 13 percent, compared to the academic divisions where it will amount to three percent only. Support staff complements for administration and academic services will be reduced by five to seven percent. The University imposed a freeze on academic and non-academic appointments in July of this year in order to build up a reservoir of vacant positions which would provide flexibility to cope with 1976 - 77 budget reductions. In most areas it is expected that the recommended reductions can be accomplished without laying off members of the University's staff. The University's Personnel Department will take every possible step to transfer persons from eliminated positions to suitable positions elsewhere in the University, but this may not be in all cases possible. Areas in which some lay-offs may be unavoidable are those where specialization is high and where turnover is low. If lay-offs are necessary, the Personnel Department will immediately take steps to meet with representatives of the relevant unions. Some union contracts provide for consultation and seniority could result in other areas than those to which our recommendations specifically apply being affected. These effects would apply only to persons occupying the positions in these areas, and not to the positions themselves which still would be eliminated according to our recommendations. If the reduction were to be accomplished through attrition and redeployment only, approximately \$800,000 - \$1,000,000 would be required in 1976 - 77 and, perhaps, a small amount in 1977 - 78.

Some portion of the reduction will be achieved by shifting support staff positions from the University's base budget to "soft" funding sources, like endowments or trust funds. While these shifts will not alter existing salary arrangements, the security of external funding is less certain. The Allen Task Force on grant-supported staffing has presented recommendations to ensure that as much stability as possible will be maintained for staff positions supported by trust and research funding.

Wherever possible, attempts will be made to increase efficiency by improving systems and more effectively organizing staff roles. The success of these efforts will depend on the co-operation of all staff. The Budget Development Group and the Budget Committee analyzed support staffing according to program and function across several areas including student information and business affairs information systems, all support staff in academic divisions, divisional libraries and compared support staff funded under research grants with those on operating budget funding. These analyses and comparisons suggested more efficient systems that might enable the University to meet its goals and avoid needless duplication. Since these systems are highly integrated and are operating on both divisional and University-wide bases, it was possible to make savings in only some areas; in others, too much time would be required for detailed analysis, development and implementation of revised systems. Nevertheless, major redevelopment will proceed in the student and business information systems. While some divisional libraries will be amalgamated with the central library, this will require two or three years for completion. It is recommended that division heads and the Budget Committee should next year examine the support staff in academic divisions in detail.

In addition, information and recommendations obtained from other special studies, such as the Van Fossen Task Force Report, have stimulated organizational and resource changes.

Graduate Student Support

Last year minimum expenditures for teaching assistantships were frozen; only increases were permitted. For 1976 - 77, some adjustments - both upward and downward - may be expected in teaching assistance budgets according to divisional priorities. Only a few departments and divisions so far have indicated that expenditures for teaching assistantships will be reduced. Where reductions will occur, instructional workloads may become heavier and the quality of instruction affected. Although the direct implication is not clear, these reductions may diminish to some extent the University's ability to attract and subsequently support graduate students.

The Budget Committee has chosen not to approve about one percent of the School of Graduate Studies for an increase in funding for graduate fellowships. Although current funding will not be decreased, the combination of an increase in the value of scholarships with no corresponding increase in University funding will result in fewer fellowships being awarded.

Equipment

Support from the operating budget for the replacement and purchase of equipment will be reduced by approximately 10 percent. In terms of overall expenditures for equipment, this reduction will mean that the operating budget will be able to meet only about one percent of the estimated cost of replacing University equipment in 1976 - 77. During the past decade of two, the University was able to purchase a large amount of equipment through capital projects. Some of this equipment now needs to be replaced, but the amount of money now available from capital funds has declined to the point where it is not even adequate to meet all of the University's building renovation needs, regardless of the needs for equipment repair or purchase.

Some funding for equipment replacement may come from restricted funds. Approximately one percent of equipment replacement value probably will be available in 1976 - 77 from these funds.

A university's budget is, perhaps, the most salient and accurate indicator of what the university is committed to do as an institution. Even in times when financial wherewithal and public approbation are bountiful, a university must take care that its resources are applied efficiently for the greatest educational benefit, over both the shorter and longer term. Events of the past year or two have placed even greater demands on the budget process of this University, as the real amounts of operating support have decreased and our capacity to predict what levels of support will be available in the future has diminished. Although financial adversity offers few advantages, it does provide at least one extraordinary benefit. And that is the opportunity to examine and to change customs and institutions long thought of as being inalienable. Genuine conservation requires careful pruning as well as generous nourishment.

In the light of these conditions and to take advantage of their opportunities, the design of the methods by which the University's budget for 1976 - 77 would be devised were given special and careful attention. Redefinition of the budget process was undertaken with five major objectives in mind: to improve the development of divisional budgets, to devise better means of evaluating the effects of budgetary changes on programs, to improve relations and communications between divisional and central administrations, to communicate more clearly the rationale on which the Budget Committee's recommendations were based, and to integrate budgeting more effectively with long-term planning. Towards these ends, the Budget Committee's membership for 1976 - 77 was composed of nine members of the Governing Council and five officers from the University's central administration. Because the Planning and Resources Committee of the Governing Council is specifically concerned with the University's resources, three of its members (Mr. Barford, Prof. Missen and Mr. Wall) were deliberately appointed to the Budget Committee.

The University's budget itself was regarded in a new way. Because the number of units and subunits in the University is so large and because program priorities and levels of service are so varied, individual budgets were examined by organizing them into groups of related divisions or categories of expenditures, which then could be viewed on a broad basis. Accordingly, these major groups were formed:

- I. the Faculty of Arts and Science, the Schools of Continuing and Graduate Studies, and the Federated and Constituent Colleges (which account for 37.5 percent of the 1975 - 76 budget);
- II. the health sciences (17.0 percent);
- III. the other professional faculties (15.6 percent);
- IV. the sciences (10.8 percent);
- V. academic services (7.1 percent);
- VI. campus and student services (0.8 percent);

From all sources, then, funds equal to about two to three percent of equipment replacement value will be available in 1976 - 77. This is an extremely small amount (recent studies indicate that approximately nine percent would be an appropriate amount) and, although some minor shifts from other accounts may be possible during the fiscal year, there is little likelihood that a major correction can be made. This situation was called to the attention of the Ontario Council on University Affairs in the University's brief for 1975. The Budget Committee is concerned that the University has no comprehensive policy for equipment replacement.

Library

As has been the case in the past few years, no increases in the library's book budgets are possible. For 1975 - 76, the implementation of a contingency spending plan and the continuation of a policy which permitted the library to re-allocate underspending to book acquisition did relieve the situation somewhat. We have recommended that this policy be continued. The general consequence of these budgetary conditions is that discretionary expenditures for acquisitions have declined to the point where all expenditures must go towards maintaining the collection, rather than expanding it.

Supplies and Other Related Expenditures

Despite cost increases in almost every category, it has not been possible to increase allocations for the purchase of supplies. To cope with these conditions, divisions will have either to find less expensive alternatives or restrict programs that consume supplies. Because of price increases and reductions in supplies budgets during the past two years, the absence of increases in expenditures for supplies will have the effect of a severe budgetary reduction. If further reductions are necessary either this year or next, we would doubt that supplies accounts could be reduced further.

The Budget Process

- VII. administration and general expense (8.7 percent);
- VIII. physical plant (15.5 percent).

An administrative officer - designated the Budget Group Officer - was given budgetary responsibility for developing budget recommendations for the divisions included in each group. The Vice-Provosts were Budget Group Officers for the academic divisions; non-academic divisions were assigned to the Vice-President for Business Affairs and the Vice-President for Internal Affairs. Staff members from the Budget Office and the Office of the Vice-President for Research and Planning were assigned to assist each Budget Group Officer by preparing background information and analysis.

Members of previous budget committees often were concerned that the budget process was sufficed in a fashion which did not allow the committee sufficient time to deal with each divisional submission on a satisfactory level of detail or to concentrate on broad questions of policy. So that the Budget Committee could concentrate its attention on major problems and policy issues and examine each submission carefully, several subcommittees were formed from the Committee's membership. One subcommittee was formed to advise the Budget Group Officer for each budget group. These subcommittees - called Budget Advisory Subcommittees - were able to meet individually with divisional heads and discuss programs on a specific and detailed level. The Budget Advisory Subcommittees also allowed the budget submission and all background information presented by each division within its respective budget group.

Another subcommittee was struck to provide advice about salary policy and procedure, particularly the patterns of remuneration that would be required to maintain competitive and equitable salaries in accordance with the Budget Guidelines.

The Budget Group Officers were joined by several senior members of the University's administration to form a Budget Development Group. The responsibilities of the Group were to prepare budget guidelines and to advise the Planning and Resources Committee, to supervise preparation of supplementary information and data for the Budget Committee, and to co-ordinate the efforts of the Budget Group Officers.

A particular problem that revisions of the budget process could not solve was that caused by the schedule on which the Provincial Government announces its annual funding policies. This announcement usually is made only a month or two before the budget for which the Committee is responsible must take effect. Consequently, most of the Committee's work must be done without the benefit of firm information about the government's plans. We suggest that the University take all possible steps that might rectify this unfortunate situation.

Supplementary Plan is contingency scheme

Continued from Page 1

ions. These decreases would occur in the first stage of budget adjustment. Other decreases in the second and third stages would be primarily used for part-time assistance in the other services.

Decreases in physical plant reductions would occur in each stage of budget adjustment. In the first stage, the reduction would be decreased by \$260,000. This would enable the Physical Plant Department to retain a portion of the night watchman service and two positions in the planning division. It was possible to implement the second stage, the Department's reduction would be decreased by an additional \$245,000. This would make it possible to maintain higher standards of cleanliness for an interim period, and to soften the impact of budget reductions on individual members of the Department's staff. Were it possible to implement the third stage of budget adjustment, the Physical Plant Department's reduction would be decreased by \$135,000. This decrease would permit the Department to retain several staff positions for cleaners, painters, and construction supervision. Implementation of all three stages of the Supplementary Budget Plan would reduce the Department's total reduction from \$1,616,065 to \$976,065.

In the administration category,

a decrease of \$50,000 would occur in the first stage. This decrease would eliminate reductions that would have seriously impaired the operating efficiency of the Office of the Comptroller. In the second and third stages, reductions in the administration category would be further decreased by \$50,000 and \$130,000 respectively. Implementation of the second stage would make it possible to restore a few critical staff positions and to return a part of the President's contingency fund. If the third stage were reached, the necessity of immediately enforcing the special target reduction would be removed.

Because of cost increases and the general constraints on the University's budget, the Library has not been able to make many additions to its collection. Instead, most of the Library's expenditures for acquisitions have had to be applied to maintaining the current collection, rather than expanding it. The \$140,000 decrease that would be allowed to the Library in the third stage of budget adjustment would make some new additions possible.

The remaining categories—contingency, maintenance, special equipment and bridging—do not correspond to individual reductions that follow from the Committee's recommendations. Instead, they are intended to moder-

ate the impact of our recommendations generally, and to aid the successful implementation of some of the changes that our recommendations entail. For example, some recommendations may be difficult to implement entirely—especially some of those that depend on increases in income or large-scale re-organizations. Consequently, the Supplementary Budget Plan provides for limited amounts of contingency spending, if some objectives either cannot be achieved fully or cannot be achieved within one year.

Reductions in the Physical Plant Department's budget may, the Committee realizes, curtail upkeep of the University's physical plant to a dangerously low level. By recommending that a special category of supplementary expenditures be formed, the Committee has made provision for maintenance and repairs that cannot be deferred without incurring long-term costs. A part of this fund—up to one-half of the total committed—should be administered through the Committee on Accommodation and Facilities for major maintenance. The remainder should be applied to preventive maintenance programs in the Physical Plant Department.

The Budget Committee has already noted its serious concern about the inadequacy of the Uni-

versity's provisions for equipment replacement. This category of expenditure would permit the establishment of a central fund, under the control of the Vice-President and Provost and the Vice-President—Business Affairs from which divisions might seek allocations to repair or replace vital equipment. Some part of the re-allocations in the academic divisions could also be used to replace equipment.

Several of our recommendations will require extensive reorganization of some services. Although substantial savings are possible through reorganization, careful planning and analysis will be required to make new arrangements. It may not be possible to accomplish all of the requisite changes in one year. Expenditures from the "bridging" category would allow some changes to take place over more than one year. Funds from this category could, if necessary, be used to phase out positions through attrition rather than lay-off. As the stages of the Supplementary Budget Plan are successively implemented, the need for "bridging" funds will decrease. Consequently, the amounts of these funds provided are largest in the first stage and smallest in the third.

If it were possible to implement the entire Supplementary Budget Plan, the University's budget

would have to be reduced by \$4.2 million, rather than the \$7.6 million for which our recommendations call. Whatever the overall amount by which the budget for 1976—77 must be reduced, the Budget Committee would emphasize that many of the recommendations for reductions that are not implemented this year, may—in fact, probably will—be necessary next year. It must not be assumed that expenditures that would have been reduced or eliminated were it not for the Supplementary Budget Plan would continue after 1976—77. Many of them would not. The long-term financial plan predicts that savings of approximately \$3.3 million will be necessary in 1977—78. A large portion of this saving probably will have to come from expenditures allocated under the Supplementary Budget Plan for 1976—77. The Supplementary Budget Plan, therefore, will only defer reductions, rather than obviate them permanently. The Budget Committee, consequently, recommends that none of the re-allocations made in either the second or third stages of Supplementary Budget Plan should be included in divisional base budgets for 1976—77. None of those made in the first stage should be included in base budgets, except in special cases where continuity of appointment is essential to the proper functioning of programs.

Annotations to Financial Report

Income and Expenses: An important innovation is not known since the date of this Report. Although the Provincial Government has announced the amount of its total grant to universities for 1976—77, it has not indicated how the grant will be distributed. Consequently, the University of Toronto's income from this source in 1976—1977 is not included in the Financial Report.

Other income items are included. Divisional income derives from such sources, for example, as incidental fees, sales of goods and services, or fees for continuing education courses. This income is credited directly to the divisions respectively. Divisions were permitted to increase their divisional income to meet our recommendations for budget reductions. Formula income (that is, income from the Provincial Government's grant) is not credited to divisions, but instead is regarded as general University revenue.

An equally important expense item is not included. Academic and support staff salaries still are being negotiated. Other expense items are included in the Report. The term "net expense" describes the remainder of gross expense less divisional income.

Provisions for Salaries and Other Costs: The University's budget is allocated on a twelve month schedule, but this schedule is not that of the academic year. Instead, the schedule begins on May 1 and ends on April 30, by requirement of the Provincial Government. Consequently, the salaries for May and June of 1976 are already committed according to the University's budget for 1975—1976, even though the actual expenditures will occur during the 1976—1977 budget year. This provision, therefore, is to account for these salaries.

Short-term Commitments: In some divisions where staffs are relatively small, the timing of sabbatical leaves for academic administrators—for example, deans and

directors—is sometimes problematic. As deans or directors leave their offices, they customarily are entitled to a sabbatical leave. These leaves, depending on when they occur, can place unusually heavy burdens on divisional budgets. This provision, which is for one year only, will provide \$145,000 to cover the salaries of senior academic administrators who will take sabbatical leaves in 1976—1977.

Status of the Financial Report: As the Budget Committee's recommendations note, wherever there are questions about exact dollar amounts, the Financial Report should be understood to represent the Committee's precise intentions.

The following candidates have filed proper nomination forms for the forthcoming Governing Council Elections. Correction procedures have been completed by those nominees who required them, and consequently no additional candidates will be forthcoming.

Candidates may, however, withdraw their names from nomination by a notarized statement to this effect received by the Chief Returning Officer, Room 106, St. George Hall, by Wednesday, Feb. 11 at 5:00 p.m. Consequently, candidates' statements and other information will be published at a later date.

Teaching Staff Constituencies

Constituency IB	Prof. P.H. Salus	(acclaimed)
Constituency IC	Prof. H. Auster	(acclaimed)
Constituency III	Prof. J.W. Meakin	(acclaimed)
Constituency IV	Prof. R.M. Baxter	(acclaimed)

Administrative Staff Constituency

Edward C. Beaven
Gwyneth H. Bishop
William Kent
Ronald J. Raw
Ernest G. Reid

Full-Time Undergraduate Constituencies

Constituency I. (Arts & Science)	(2 seats)
John M. Burnes	
Robert N. Gardner	
Brian C. Pel	

PH D ORALS

Monday, February 9

Andree F. Spence, Department of Geology, "Stratigraphy, Development and Petrogenesis of the Central Noranda Volcanic Pile, Noranda, Quebec." Thesis supervisor: Prof. A.M. Goodwin. Room 108, 16 Hart House Circle, 10 a.m.

Friday, February 13

Frederick Irvin Hill, Department of Geology, "The Creation and Evolution of the Toronto Urban Field." Thesis supervisor: Prof. J. Simmons. Room 201, 65 St. George St., 10 a.m.

Monday, February 16

Allan L. Saiman, Department of Pharmacology, "Factors Affecting the Nerve-Blocking Con-

centrations of Anesthetics." Thesis supervisor: Prof. P. Seeman. Room 201, 65 St. George St., 10 a.m.

Friday, February 20

Erika Rummel, Department of Classical Studies, "Examination of Isocrates' Moral Ideas and Their Background." Thesis supervisor:

Prof. D.P. de Montmolin. Room 201, 65 St. George St., 3 p.m.

Since it is sometimes necessary to change a date or time of an oral examination, please confirm the information given in these listings with the Ph.D. oral office, telephone 928-5258.

A & S Council nominations opened

Nominations opened Feb. 2 for the 1976-77 General Committee and other committees of the Arts and Science Council.

Nomination forms and a list of vacancies are available at the faculty office, 1006 Sidney Smith Hall, College and departmental offices. These forms must be returned to the FACULTY OFFICE, no later than 4 p.m. Monday, Feb. 16. Forms received after that time will not be valid.

Nominations filed by Governing Council candidates

Constituency II. (Professional)	(I seat only to be voted on) (acclaimed)
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John Floras

Louis E. Auger
Richard S. Hajdukiewicz
Michael E. Treacy

Note: Mr. Floras has been acclaimed, since not more than one seat in this Constituency can go to one faculty or school. Mr. Floras is in the Faculty of Medicine, while the other candidates are all students in the Faculty of Applied Science and Engineering.

Part-Time Undergraduate Constituency (2 seats)

Irene A. Allison
Mary Cretsi
Jonathan F. Gentry
Sandra A. Nimmo
Joseph Renda
Felix M. Salazar

Graduate Student Constituencies

Constituency I	No nominations received
Constituency II	David Vaskevitch (acclaimed)

David Warren
Chief Returning Officer